

FAR EASTERN ECONOMIC REVIEW

Vol. III.

Hongkong, December 24, 1947.

No. 33/4

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HELPING CHINA'S SUFFERING MILLIONS THE SHANGHAI FISH SCANDAL!

By H.G.W. Woodhead, C.B.E.

"Help China's Suffering Millions" is the headline on advertisements that are published frequently in the British Press, by the British United Aid to China Fund which appeals for contributions to assist the "over fifty million homeless, over two million war orphans, large areas ravaged by famine."

Similar appeals are made in all parts of the United States, and in the aggregate very large sums have been raised both in Great Britain and America for the aid of China's war victims.

In addition supplies valued at many millions of U.S. dollars, including foodstuffs, clothing, medicines, machinery, railway equipment, fishing and factory equipment have been shipped out to China under the auspices of the United Nations' Relief and Rehabilitation Administration. This international agency, known generally as UNRRA, is maintained financially chiefly by the United States and the British Empire. Contributory nations have put up two calls, at least of one per cent of their national incomes. Up to the end of June 1946, a total expenditure of \$923,000,000 had been authorized by member Governments, of which the U.S.A. contributed 70 per cent and the United Kingdom \$155,000,000. Most of the assistance, of course, went to the ravaged countries of Europe. But China has received a very substantial share. The United Kingdom Budget for 1946-7 contained provision for \$90,000,000 for UNRRA administration, the equivalent of about \$2 per head for the entire population. Contributions on a similar basis have been made by Canada, Australia, New Zealand and South Africa.

Does China need help? Of course she does, but she is certainly the largest and most difficult area in the world to which to extend aid. She is ravaged by civil war between the Kuomintang and the Communists—and UNRRA aid is supposed to be given

regardless of political considerations. Corruption is rampant in official circles, high and low, and yet her rulers indicated their disapproval of so-called "old China hands" to assist in relief administration, on the ground that they would have to deal with "a new China." Attempts to aid the Communist areas have sometimes met with resistance from Nationalist forces, sometimes from the Reds themselves. The latter have not shown much interest in distribution of food stuffs and clothing; what they have demanded have been types of equipment best suited to warlike operations—motor-vehicles, gasoline, and some types of machinery and medical supplies. The handling of UNRRA relief supplies by its Chinese agency, CNRRA, has resulted in scandal after scandal, due partly to inefficient distribution, partly to barefaced corruption. The Chinese army has requisitioned foodstuffs from areas to which CNRRA was transporting food. Large quantities of UNRRA supplies have been openly sold on the black market. There has been so much inefficiency and maladministration that only a small fraction of the cargoes given to China for relief purposes can have been of any real benefit to the Chinese people. Masses of mechanical equipment intended for constructive and agricultural uses, is reported to be rusting away unpacked and untended in the depots at which it has been collected.

UNRRA aid, even if efficiently and economically administered, could only have met a fraction of China's postwar requirements. In addition the American Government has supplied China free or on credit with hundreds of millions of dollars' worth of surplus war and other commodities including raw materials. These gifts or credits have achieved little towards the rehabilitation of China industrially, politically or economically, and have not averted the collapse of Chinese currency or earned any real gratitude from the Chinese people. Yet pressure is now being ap-

plied at Washington to secure further large loans and credits, which, it is represented, alone can save China from being overrun by the Reds.

We are about to witness the inauguration of the "Marshall plan" for Western Europe. One of the fundamental conditions of that project is that the beneficiaries must show that they are helping themselves to the best of their ability. The same test, applied to China, if the facts were generally known in the U.S.A. would have disastrous repercussions. Take the recent, shameless scandal over Shanghai's fish supplies, alone. That it should have been permitted to develop indicates either complete indifference in Government circles both to foreign opinion and to the interests of the Chinese population, or incredible stupidity and inefficiency on the part of Nanking.

The story is really a shocking one, calculated, if the Nanking Government does not take immediate and drastic action, to create despair among China's many well-wishers in America and the British Empire, and to frustrate, for decades to come, an attempt to supplement China's food supply by abundant quantities of cheap fish.

Among the gifts of UNRRA to China has been an up-to-date fishing fleet of about 175 vessels, manned by experts, and sent out to the Far East for the avowed purpose of introducing modern methods of fishing among the Chinese. All the vessels are power-driven; latest devices, including radio-telephones and depthfinders, purse seines, etc. Some of them came from New Zealand, Australia, and Canada, in addition to the United States. UNRRA paid high wages to the foreign Masters, and other experts who were expected to instruct Chinese in the operation of these modern craft. Training of Chinese to take over the vessels after the cessation of UNRRA aid has made little progress. The boats have seldom been allowed to put to sea, and the Chinese who were assigned to them were in most cases not fishermen, or even seamen, were attracted simply by the high wages paid wages paid by UNRRA, and had no intention of making fishing their profession.

THE NEW REGIME IN SIAM

The scandal broke a couple of weeks ago when five of these UNRRA vessels returning to port loaded with fish were prohibited from landing their catches by the Shanghai Fish Market Monopoly, which is an official enterprise. The excuse given was that Shanghai was over-supplied with fish, but inasmuch as the price of fish there was double that at Tsingtao, Wenchow and Ningpo, it was obvious that the real reason for the was the determination of the monopoly to keep the price of fish at a high level. As the purpose of the UNRRA gifts was to assist to supply the Chinese with cheap food, any interference by the Government for the purpose of raising prices by restricting landings was obviously a breach of faith. The uproar created by public exposure of the ban on landing, resulted in permission to land all or part of the catches of two of the five vessels. Unless similar permission is extended to the others some hundreds of thousands of catties will be spoiled, and rendered unsaleable.

The manner in which the scandal has been handled is not calculated to restore public confidence. A week elapsed before Mr. Tso Shen-sheng, Minister of Agriculture and Fisheries, came down to Shanghai to investigate, and, as he put it, "to mediate." There does not appear to be any ground for mediation on such an issue, which is, in a nutshell. Whether Shanghai's population is to secure what supplies of fish it needs at reasonable prices, or to be kept on short rations by an official marketing monopoly whose only concern is to force up prices. It would be fantastic to expect the American Government, or the American and British charitable publics, when apprized of the facts, to show any enthusiasm for further aid to a regime which merely exploits outside assistance for official profiteering.

UNRRA aid to China ceases at the end of this year, and the present fishing scandal is believed to be part of a conspiracy of Chinese fishing cliques to get hold of the mechanized fleet as soon as UNRRA personnel are withdrawn. It may safely be predicted that if they get their way, there will be no attempt to reduce prices by increasing supplies of fish. Indeed, it may be doubted whether more than half a dozen or so of the vessels will be used for fishing, since the crews remain untrained, and according to a recent statement by an UNRRA official, craft already commanded by Chinese could not be trusted to find their way to ports other than Shanghai, owing to lack of navigational experience. Probably the best thing to do with the UNRRA fishing fleet would be to return the vessels to their ports of origin, where they could be put to proper use.

The apparent impotence of the Chinese Government, in the face of the exposure of this scandal can hardly be expected to convince the American and British publics that the call to "Help China's Suffering Millions" has the support of the authorities who

The recent coup d'état of Marshal Pibul Songgram has given rise to considerable thought about the political and economic meaning and consequences of the change. When Japan moved to Indo-China in its preliminary operations which paved the way to the occupation of Malaya it strengthened its influence in Siam and encouraged Siam to hope for considerable territorial benefits at the expense of Indo-China and probably also of Malaya. On the outbreak of the war Pibul cast his lot and that of Siam with that of the Japanese and thus directly contributed to the catastrophe of Malaya and Singapore.

On the surrender of Japan Britain made a treaty of Peace with Siam, and although Siam complained of its terms having regard to her limited active participation in the war the conditions of peace were very lenient and generous when the evil and losses resulting from its direct contribution to the war are considered. America whose interests in Siam before the war were negligible and whose lands and forces had not been directly affected by Siam's part in the war suddenly became conscious of the possibility of Siam in relation to its Pacific and Far Eastern strategy. The United States chose to ignore Siam's declaration of war and induced Britain to abate the terms of the treaty at the expense of Malaya. They have been softened more than once and it cannot be said that Siam has faithfully carried out her obligations either in the distribution of rice stocks so necessary for Malaya and South East Asia or in the restoration of British property and compensation for losses sustained by the acts consequent on Siam's declaration of war and seizure of British assets. Siamese farmers and rice merchants have prospered through selling their products at fabulous prices in the black market. It is all very well for the Siamese now to say that their offence was a small one, but in their bid for power under Pibul they caused immense damage which they have not righted.

Britain, however, has been traditionally a friend of Siam, and even though she is to-day strained to help her colonies and protectorates in South East Asia she is still showing a generous and forgiving attitude, so much so that many Britons at home hardly remember that less than three years ago Siam was at war with us.

should be most concerned over their nationals' welfare. The Shanghai Fish Market monopoly was generally regarded as nothing but a "ramp" from the time it was established, in May, 1936. It would seem to require only a stroke of the pen from President Chiang to abolish an organ whose sole interests lie in profiteering at the expense of the Shanghai population, particularly the poorer classes, and which has never, since its inception, performed any kind of useful service.

On the face of things it would appear as if our support should be for Pridi (Luang Pradit Panamyong) who was the centre of the anti-Japanese underground movement and ex-Regent who became premier after the Japanese surrender and has now been overthrown. In 1932 both Pibul and Pridi were leaders of the revolution in Siam. Since then they drifted apart, Pridi showing a Leftist tendency which led recently to his arrangement with the Soviet for the establishment of the first Russian Embassy in Siam. The diplomatic struggle for Siam's good will on the part of America is probably due to the anxiety of America to secure Siam as an independent state as a bulwark in South East Asia against the spread of Soviet influence.

Bangkok and Siam are strategic centres for the diffusion of influence extending over Indo-China, Burma, Malaya and Indonesia. The Siamese are ambitious to take a leading part as witness their activities in the Delhi conferences and the economic conference at Baguio. The Americans, however, are not particularly enamoured of Pibul who declared war in 1942 and shows a clever disposition to run with whatever great power that is in the ascendant. Their preference would probably be for Khuang the son of the last king of Cambodia, who is the leader of the Democratic Party and who was premier in 1944 in the latter stage of the war.

Britain's interests are such as to favour the same developments in South East Asia as America but with the difference that Britain's interests are of long standing and her assistance to Siam has been considerable whereas America's intervention is a post-war product dictated largely by strategic necessity.

From the point of view of their own country it is likely that both Pibul and Pridi may be regarded as patriotic statesmen whose primary concern is the glory and prosperity of their own country. In these days, however, when national sovereignty is subordinate in the general interest of world welfare to the good of neighbouring countries the attitude of America and Britain as well of other powers must be governed by what is considered to be best in the interest of world peace and prosperity. Such interest involves the fullest co-operation with the countries of South East Asia in economic policy and in the distribution of food and raw materials on an unselfish basis. Siam as an independent state in South East Asia may play a prominent role but her repute and success will depend on the faithfulness with which she carries out all reasonable obligations incurred by reason of her errant policy during the last war, upon the way in which she retrieves her honour and the unselfishness with which she will serve her neighbours by a generous distribution at economic prices of the bountiful harvests with which the country has been endowed.

SPREAD OF SOCIALISM IN ASIA

The establishment of the Dominions of India and Pakistan, and the impending resumption of independence by Burma coincide with great activity and political progress made by all Leftist parties, notably the Communists. Ceylon is also engulfed by these political movements and developments in that Island point clearly towards the assumption of more direct and indirect power by the various Trotskyist and Lenin-Stalinist parties.

Latest developments in Burma where large parts of the interior have been taken over by Communists in defiance of the Government of Burma, which is already a very radical socialist one, indicate that the tendency towards the Left has gained momentum during 1947. In the following two articles, from the Economist, London, the political position in India and Burma is reviewed. With regard to Burma today the Economist states that "the future remains uncertain for fresh enterprise, whether from Britain or from other countries."

The Position in India

In the present disturbed state of the sub-continent, with fighting in progress in Kashmir, near the borders of Soviet Russia, the question of Indian Communists' strength assumes more than academic interest. There seems to be an impression in certain quarters in the West that Communist influence has grown considerably of late, and that, if the present administrations were unable to hold their own against the mounting confusion, Communism might seize power.

Communism is not a new phenomenon in India. Its followers have been active for at least a quarter of a century, and although the British Government of India kept the party virtually underground during the period between the wars, they could not prevent fairly close contact with Moscow. The New Delhi of the Viceroys was always ultra-suspicious of the intentions of every politically conscious Indian who asked for a passport; had anyone been foolish enough openly to ask for an endorsement for Russia, he would have been promptly labelled as an anarchist of the most sinister type. All this official hysteria about Soviet Russia was particularly foolish, because it gave Russia and Communism unearned prestige among Indians opposed to British rule. Indian Communists made full use of their "martyrdom" to work their way into practically every Indian political party.

Pioneers of Trade Unionism

They could not exert a very powerful direct political influence, but they undoubtedly played an important part in swinging the Indian intelligentsia's outlook towards the Left. The Communists have also been pioneers in the organisation of Indian labour into trade unions. Here they had an almost clear field because, except for Mahatma Gandhi's work, few Indians took any constructive interest in this aspect

of social progress. Only in the past two or three years have the main Indian political parties awakened to the "white-ant" tactics of the Communists inside their own organisations, and to the danger of the Communist-organised trade unions.

The issue between the Communists and Indian nationalists became clear-cut when the Communists gave full support to the war effort despite the Congress decision that it was not India's war. When the Congress leaders were released from detention in 1944 plans were laid to expel all Communists from Congress and to organise Congress-controlled trade unions. Congress is now free of Communists, but the fight for the control of labour is still in progress.

Anti-Communist Campaigns

A very brief diary of Communist activities during the present year gives a clear indication of the way this party is assisting industrial and agrarian unrest. The year opened with country-wide raids on Communist Party offices to seize copies of the party weekly, "People's Age," and a pamphlet allegedly disclosing, "Operation Asylum," a military top secret document, containing details of measures to be taken to ensure order when the Indian Interim Governments assumed power late in 1946. Notable features of these police raids were the number of trade union officials arrested and union offices searched. The Madras Government (a Congress ministry; took a most serious view of the situation and promulgated a public safety ordinance providing for detention without trial. Large numbers of arrests were made not only in Madras City, but in rural areas like Malabar District. Premier Prakasam accused the Communists of fomenting agrarian trouble and of rendering life and property unsafe.

In Bombay City, trade union and Communist Party offices and the homes of Communist leaders were raided on several occasions, while in Bombay's Satara District there was a string of arrests among Communists leading an anti-moneylender campaign. A woman Communist, Mrs Godaveri Parulekar, who led the Warli jungle tribe in violent attacks on landlords and their property in Thana District, was detained. More than 50 Communist committees were known to exist in the city.

During the first half of the year there were serious agrarian disturbances in Travancore, the Malabar and Kistna districts of Madras and in Hyderabad State. The Travancore affair almost reached the proportions of a revolution. Ex-soldiers were armed with all kinds of vicious-looking home-made weapons and incited to seize land by force. In Madras and Hyderabad food shortages provided good opportunities for fomenting unrest.

Many of the Communists arrested in the early part of the year were released during the general gaol delivery of political prisoners as part of the independence celebrations.

Strikes and Rioting

The year has seen a large crop of strikes—many of them illegal—called by Communist-controlled trade unions. These often led to disorder, as at Dhanbad power house (which supplies the East Indian coalfields), which was attacked by a large mob of whom five were killed during police firing. During September Communist textile unions in Bombay called a strike of drawers-in—key men in the weaving sheds. The result was a loss of some 20 million yards of cloth at a time when Indian textile production was seriously below the country's needs.

The textile strike, with its crippling effect on the national economy, did not prevent P. C. Joshi, General Secretary of the Communist Party of India, offering full support to Pandit Nehru as head of India's national government.

The Communist programme in India, according to S. A. Dange, who has returned from a tour of eight months in Europe, is to stop the troubles in the Punjab, to expose and demolish the influence of the Rashtriya Sevak Sangh (militant organisation of the extremist Hindu Mahasabha), and to support a Leftist government under Nehru. The programme is not quite as harmless as it looks. The key is the destruction of the RSS, which is rapidly increasing in membership now that Congress has come to the end of its period of agitation. It attracts young Hindus who are still in search of excitement and, of course, those who have been infected by Hindu-Muslim enmity. Many observers believe that the RSS will become the private army of Hindu reaction—i.e., the interests working to make the Indian Dominion into a Hindu theocratic state. The establishment of such a state and caste system would automatically rule out progress along the lines of democratic government and trade unionism.

Troubles in Store for Congress

As for support to Nehru, this is nothing less than an attempt to split the present Congress central government. The Communists and the other Leftist parties, including the Congress Socialists and Roy's Radical Democrats, believe the rumours that tension exists between the somewhat Socialistic Nehru and his deputy prime minister, Sardar Vallabhbhai Patel. The Leftists regard Patel as a reactionary—he led the movement to expel the Communists from Congress—and they are afraid he will lean too heavily on the side of the Sikhs and the RSS. Communist periodicals are now attacking the Sikh princes, led by the Maharaja of Patiala, for starting the riots in northern India.

By painting Patel as the archetype of big business—an unjust allegation—the Communists hope to attract support for a Leftist government from the moderate middle-class element who are now thoroughly frightened by the ferocity of the disturbances and angered by the country's rampant black markets. The weakness of this plan is the smallness of Nehru's personal following. Though he has long been a national hero, he has left the business of party management to others,

and particularly to Sardar Patel, who controls the Congress machine, including the provincial governments.

Thus there is little likelihood of an overnight Communist revolution. But there is plenty of room for trouble in the industrial and agrarian spheres, especially if continued disturbances prevent the central government from initiating a vigorous economic policy.

In India, as elsewhere, the Communists enjoy the advantage that few politicians and labour leaders are prepared to emulate their unremitting work among the masses. Except for Congress the Communists—not more than 60,000 in all—are probably the best organised party in India. They frequently have technical troubles with the law—their union records can rarely be made to support their membership claims—but their influence is sufficiently strong to force employers and government to negotiate with them, whatever legal traps may have been laid.

The Position in Burma

In its new Constitution the Union Parliament of Burma takes power to nationalise "any single branch of the Union economy or single enterprise"; to expropriate or limit private property with or without compensation, as the law prescribes; to forbid the use of private property "to the detriment of the general public"; to nationalise the land and abolish all large land holdings "on any basis whatever," as soon as circumstances permit; to provide Government assistance to workers to organise themselves "for protection against economic exploitation" (Gilbertian, this, for the State itself seems destined to become the greatest employer of labour); to plan the "economic life of the Union"; to assist "economic organisations not working for private profit"; to nationalise all public utilities and exploit natural resources through State—or co-operatively-owned organisations.

Later sections of the Constitution modify Section 44 slightly by including, among the groups permitted to operate in the last-named spheres, companies of whose capital not less than 80 percent is owned by citizens or local authorities of the Union. Section 220 severely restricts the grant of land for any purpose to any but citizens of the Union. Section 4 (Finance) of the Third Schedule makes provision, in addition to income tax, EPT, sales tax, royalties, taxes on railway fares and freights, for terminal taxes on goods by land, sea and air, customs and excise—for taxes on companies (item (5)), taxes on the capital value of the assets of individuals and companies (item (7)), and taxes on the capital of companies (item (8)).

Foreign Interests

British investors are asking how soon, and in what sequence, will the new Government execute this formidable

programme of economic reform, and how will it affect British interests. There need be no illusions about the Burmese leaders' determination to make themselves masters of their own economy without delay. They are irretrievably committed by their election promises to bear Left, and are solidly supported by public opinion too unformed to distinguish between what is theoretically and what is practically possible in economic policy. But the hard facts standing in the way of recovery are obvious in the present state of the country's major industries, and must be faced sometime.

Production Declines

Against a 1939-40 figure of 3,500,000 tons of rice, this year's estimate of Burmese exports is just over 750,000 tons. Against a prewar annual production of 270 million gallons of oil (most of which went to India), Burma has been importing oil from India. Against a prewar export figure of 140,000 tons annually for lead and zinc alone, only 5,656 tons of ore and base metals were exported from the date of re-occupation up to April, 1947; and against 214,000 tons of timber annually exported before the war, the total for the seven months from October, 1946, to April, 1947, was only 17,209 tons. None of these industries can be re-habilitated without great capital expenditure to repair the damage and neglect of war; this expenditure, in the continued absence of a decision concerning "denial" and other war claims, must be found afresh by the companies concerned. Affecting every one of these industries is the wreckage of communications: the 600-ship Irrawaddy Flotilla fleet at the bottom of the rivers, the damaged roads and railways—all essential for the movement of trade, all requiring capital expenditure on the grand scale.

Need for Capital and Skill

The speed of Burma's recovery under nationalisation, therefore, depends on whether the Union Parliament can raise at home or attract from abroad the requisite capital and technical skill. It is no good assuming that lack of internal capital alone will hurry the Burmese into bad economic bargains. They are prepared to wait. The wide spread net of taxation and the expressed intention to reduce administrative costs indicate a will to solve their own problems in their own way. In this task they will be aided by a country and climate which together make possible a high degree of self-sufficiency without dangerous austerity and by a national genius for improvisation and "making do." The dearth of technical skill will be harder to make good, and this fact may well direct nationalisation along the lines of least "technical" resistance.

Bargaining with India

Land and the rice industry seem likely, therefore, to be the first tackled, not only because the predominant rural

vote is most interested in these, or because rice growing is Burma's greatest industry, but also because it is the one economic sphere (timber possibly included) in which indigenous technical and commercial knowledge is wholly adequate to the task involved. On this last criterion the timber industry and public utilities may be expected to come close behind, with the heavily capitalised and technically difficult oil and deep-mining industries a long way to the rear. It has been argued that to nationalise the land, involving expropriation of extensive Chettyar (money-lender) holdings, would alienate Indian opinion and lose Burma its best customer. But India is threatened with famine, and Burma is now well placed to strike a good bargain on this ground: that to reallocate the land to the dispossessed peasantry would go far towards ending agrarian unrest, and thus bring back into cultivation for India's needs the vast areas at present lying fallow. Incidentally, a revival in the rice trade would do more than anything else to free Burma from its present difficulties and to enable it to accelerate imports of the foreign transport and machinery it needs to stimulate full recovery. And full recovery would put Burma in a position to finance further stages of nationalisation schemes if so desired.

Ample Signs of Confidence

It says much for the country's commercial potential that, in spite of the present gloomy situation and the uncertainty inseparable from any economy threatened by an unknown degree of Socialist planning, there are ample signs of confidence in Burma's ability to triumph over its troubles. Most of the larger British and Indian companies have pressed on with their reconstruction programmes, as a public expression of their belief that they will get a square deal. The US Consulate has been raised to the status of a Consulate-General, and its commercial activities have been greatly expanded in anticipation of a healthy trade recovery. Continuance of this confidence and readiness to help the country's new rulers through their difficult and dangerous experiments would be the best guarantee of security for all those who have a stake in Burma's future. Its leaders may find, as other Governments have found, a hollow gap between nationalisation plans on the blue print and in practice. They may reassess, in the light of experience, their present somewhat reserved attitude towards the great part Britain has played in their country's development. For example, 80 percent of the pioneer oil companies went bankrupt in the fierce struggle against world competition to establish Burma's infant oil industry. It would be a pity to lose the lasting goodwill that would spring from such a change of mind by condemning too hastily their desire to stray awhile after Britain's own leaders along the primrose path of Socialism.

THE POLITICAL SITUATION IN JAPAN

Divergent views are held by those most closely concerned about the health of the democratic regime created in Japan since the end of the war. General MacArthur is very pleased with it. After all, it is primarily his own creation, and like an earlier and even more eminent Creator, he sees that it is good. The Japanese with whom he comes in contact all say too that it is good, and a leading soothsayer called Tomioka has informed the Japanese public that the General will not only be the next President of the United States, but is also destined to receive as a supplement to his allotted span of life the years "sacrificed" by Mr. Atcheson, the representative of the State Department in Tokyo, who was drowned when a flying boat plunged into the ocean on the way back to North America. With such goods things coming to him the Supreme Commander is optimistic about the Japanese. What is more, Dr. Evatt, when he came from Australia to Tokyo to see for himself, saw and was converted. On the other hand, Mr. McMahon Ball, who formerly represented the British Commonwealth on the Allied Council in Tokyo and resigned on losing the support of Dr. Evatt, strongly disagrees and says that no people are as experienced as the Japanese in "hiding their real feelings." Even more dissident is the Soviet representative on the Allied Council, who sees nothing but a country dominated by imperialism and reaction, with fascist beasts prowling behind every rubble dump.

Amid such a confusion of reports it is difficult for the world to judge, and it is not likely that any better agreed story could be obtained by interviewing Japanese politicians. But it is possible by surveying what has actually been done in the past two years against the background of prewar and wartime Japan to make a tentative and provisional estimate of the stability of the new regime. That it has been imposed from outside and not produced by a spontaneous popular movement within Japan cannot be denied. There was no revolution in Japan; on the contrary it was finally pulled out of the war by the monarchy turning against the army. And, whereas in Italy the Badoglio pull-out did not absolve the monarchy in public eyes from its responsibility for originally giving power to Mussolini, in Japan the convention remained strong that good acts of state manifested the Imperial will, while bad ones were the work of evil counsellors. Certainly there was in August, 1945, no sign there of political disintegration; the change of government came about in a constitutional manner and the last fighting War Minister, General Anami, very properly committed suicide.

Nevertheless, defeat in a protracted and bitter war, in which great human and material losses had been suffered,

and nearly all the larger cities had been laid in ruins, could not have failed to shake the established political and social order to its foundations; and the economic sequel, with its stagnation and impoverishment, was bound to produce serious tensions in Japanese society. The Army was discredited and its abolition, decreed by the Allies at Potsdam, must have profoundly affected the internal balance of forces, even if the Allies had not undertaken directly to transform Japanese political and social institutions. Japan, after all, had already had for many years multi-party elections to the House of Representatives on a basis of universal male suffrage. The power of this institution had been to a great extent restricted and thwarted, partly by constitutional provisions which diverted power elsewhere—notably the convention which gave the Army and Navy control of the service ministries—and partly by police pressure in elections. In 1940, under the stress of the nationalist reaction, there was a forced amalgamation of parties which virtually put an end to the political freedom. Yet in 1937 the party of labour, the Shikai Taishuto, had managed to double its representation in a general election—a fact which indicated at least a certain vigour in popular political life and the possibility of its legal expression. With the abolition of the Army and Navy and the catastrophic failure of the policies associated with ultranationalism, it is probable that in any case there would have been—even within the existing constitution—a revival of parliamentary politics, a strong movement towards the Left and, what has actually happened in the General Election this year, the emergence of the Social Democrats as the strongest single party in the elected House.

The Americans, however, were not content with the abolition of the Army and Navy or with insistence on freedom of speech and elections. They decided to present Japan with a new constitution, which was written by American political experts on General MacArthur's staff and put out as a Japanese document—this, indeed, saved Japanese face, but did not conceal its origin from any well-informed person. The Japanese thus now, as before, have a Constitution which has neither been in fact produced by a popular Constituent Assembly nor grown by a long evolutionary process of national political life; instead it has been delivered to them from on high, only this time by the Supreme Commander of the victorious enemy, instead of by the Emperor Meiji. It is true that this constitution removes the checks on popular sovereignty which existed in the old one, and is an interesting composition of what certain intelligent American theorists regarded as the strong points of various existing systems. Nevertheless, it can hardly be expected, in view of its mode of inception, to command

any deep loyalty or enthusiasm in the Japanese mind.

More important have been the social changes ordered by Allied Headquarters directors—notably the agrarian reform and the dissolution of the great *Zaibatsu* family trusts, which formerly dominated Japanese banking and industry. Both these measures went beyond the purge of individuals held responsible for promoting national aggression. It was held that an oppressive agrarian system (loosely called "feudal") and the exceptional degree of concentration of capital had been factors disposing Japan to aggressive policies and would, in future, be obstacles to democratisation. It was thus officially recognised in Washington that political democracy was not sufficient without certain social changes—a view which had something in common with the conception now familiar to us as "Eastern democracy" and was ardently supported by the "fellow-travellers" still influential in planning circles in 1945. But, whereas real Marxists regarded trust-busting and giving land to peasants in private ownership as steps towards socialisation, both in industry and agriculture, the believers in the American way of life saw in them conditions of stability for a system of capitalist democracy. The social reforms imposed by the Americans in Japan are now indeed clearly envisaged as prophylactics against Communism. A society in which the majority of peasants are tenants paying high rents on plots of land insufficient to maintain them, while most of the profits of business enterprise are devoured by a few great monopolists, is obviously vulnerable to a propaganda of violent social revolution unless it is held together by a very strong authoritarian government.

It is on the success of its social policy rather than on its purely political constitutional innovations that the viability of the American-sponsored new order in Japan depends. Great difficulties have been encountered, for the vested interests affected were deeply entrenched and had a strong hold on the new parties of the Right which had replaced the dominant parties of the prewar Diet. Land reform was persistently obstructed under the Shidehara and Yoshida Cabinets, and in the last elections many peasants voted Social Democrat. With the Social Democrats coming in as the strongest party and the Right having to compete for the peasant vote, better progress in land distribution is now being made, and peasant ownership is gradually being extended. Less successful has been the attempt to disperse the holdings of the confiscated *Zaibatsu* companies; small investors are reported to have shown great reluctance to take up the shares; this is presumably due to pessimism about the future of industry which must continue until the reparations question has been settled and there are some signs of real commercial revival. At present in Japan it is more profitable to put capital into commodity

THE POST-WAR LABOUR SITUATION IN JAPAN

(By a Japanese Correspondent)

(1) Democratization of Labour Administration

The post-war reconstruction of Japan has as its goal a society that eliminates feudalism from industrial relations and raises the social position of workers. Post-war labour movements and labour policy have shown a remarkable trend along this line.

The first steps taken in pursuance of the post-war labour policy was to eliminate the wartime labour system, and to attempt the democratization of labour administration. The greater part of wartime labour regulations including the "National Labour Mobilization Law" was abolished during 1945, together with various laws and administrative regulations which had been oppressing labour movements in the past several years. At the same time, organizations such as "The National Industrial Service" and "The National Labour Service" were dissolved. Wartime influences prevailing in labour organizations were swept away by the ordinance relating to purges in December, 1946. A Labour Legislation Council was established with public hearings, and a Ministry of Labour has come into existence in September.

(2) The Enactment of the Labour Law and the Progress of Labour Unions.

The democratization of labour relations had its inception in the protection of healthy labour movements. To this end a Labour Union Law was enacted in December, 1945, and enforced in March, 1946. The purpose of this law was the development of labour unions, as well as the elevation of the social position of workers by safeguarding of collective actions.

Consequently labour unions mean those organizations or federations

thereof, formed autonomously by workers, with workers as the main constituents, maintaining or improving economic status. The unions, moreover, are charged with important functions in the reconstruction of post-war Japan.

The law stresses the contribution to economic status as well as the uplift of the position of the workers. For the labour union to contribute to the reconstruction of economic conditions the important point would be the maintenance of industrial peace to realize which, however, it would be necessary to secure the basic conditions that would make such peace possible.

Furthermore since these economic conditions can not be secured without the co-operation of the workers, one can see the serious responsibility assumed by labour union.

During the war, the development of labour unions was prevented by the labour draft, and the oppressive policy of the government.

However, with the termination of the war, the right of initiative of workers was recognized. After the enactment of the Labour Union Law, development of unions was very rapid. By the end of 1945, 427 unions with approximately 3,400,000 members were organized. By the end of December, 1946, the unions numbered 17,265, with over 4,800,000 members, and by the end of April, 1947, they numbered 21,331, and members over 5,400,000. In August, 1946, a Federation of Japanese Labour Unions and Congress of Japanese Industrial Unions were realized. Centered around these, the co-ordination of the unions was rapidly effected, and the social and economic importance of labour unions has become decisive.

Status of Organized Labour by Industries

(as of end of April 1947)

Industry group	No. of union	Membership
Mfg. industry	10,728	2,558,978
Mining	923	434,322
Transportation & communications	2,931	1,189,522
Agriculture & forestry	973	97,114
Fishery	94	24,038
Commerce	1,278	258,784
Public services	4,238	819,516
Other	166	63,219
Total	21,331	5,445,493

The development of labour unions naturally advanced the cause of collective bargaining. The number of collective agreements reached 2,000 at the end of December, 1946. The ratio of collective agreements to number of union members is 33%.

A glance at the contents of the agreements shows that (1) most of them stipulated as their object the improvement of economic standards of the workers, democratization of management and the rehabilitation of economic condition; (2) although there is a comparatively large number of agreements concerning basic principles relating to working conditions, there is little that concerns concrete and detailed matter; (3) it deals indifferently with efforts towards industrial peace.

Qualitative rather than the quantitative development of labour unions is to be expected in the future. From this point of view the education of workers is extremely important, but is at present handicapped by the large number of disputes and other adverse conditions.

(3) Labour Movement and the Adjustment of Labour Relations.

The labour union movement has been stimulated by the demand for democratization and particularly by the difficulties of living due to the inflationary trend. The post-war labour movement has taken up the problem of industrial reconstruction by advocating workers management of production as the best method in production being to overcome "production sabotage" on the part of industrialists. During the period January to May 1946, the number of factories managed in this way was 108, involving about 100,000 workers. (The strikes involved 96,000 workers in the same period). Whether such method of labour disputes was legal or not was argued. The government attitude was to consider such management illegal and calculated to be a menace to social order and an increase of production. This attitude might be regarded as a turning point in relations with labour, as strikes have been very numerous since that time. The Supreme Court pronounced workers' management of production illegal in March, 1947, legality being admitted only in special circumstances.

As a substitute to workers' management, the Government have compiled draft for the institution of management councils according to which councils will include representatives of workers, employer (and neutral), the rights of the councils to be determined by agreement. As a rule, it deals with such items as working conditions, welfare, production and working schedules etc., which are of direct interest to workers.

The most important problem following the termination of the war with which the labour movement was confronted, was to overcome the unrest caused by insecure living conditions. A solution was particularly urgent until the first half of 1946, when disputes were without exception for an increase of wages.

Employers accepted the workers' inflationary tendencies, thus checking requirements, with due consideration to

speculation and black market transactions, and the "new millionaires" who arise from this kind of economy are not factors of social stability.

If the agrarian reform is carried through and if there is a revival of foreign trade or an extension of American credits sufficient to cover the imports of food, raw materials and new capital equipment on which Japan depends for adequately feeding its urban population and restoring its ruined industry, then the social bases for "Western democracy" will have been laid. Then the labour movement, now under predominantly Social Democrat leadership, will be able to develop by constitutional, parliamentary methods. But in the present conditions of economic collapse and unconsolidated reform, there is no reason to believe that democracy would survive in Japan if the American forces of occupation were to be withdrawn in the immediate future.

disputes before they became serious. However, when in August, 1946, the war-time indemnities were cancelled and when later a policy for reconstruction and adjustment of enterprises was determined, making mass discharge necessary, the demands of workers were directed against this discharge policy and for the security of the pay-roll.

Such disputes against discharge were settled by the alteration of government policy following disputes started by the government railway and marine workers. The vacillating nature of this government policy brought about the more serious difficulties of to-day. The Government, therefore, adopted the policy of efficiency wages which promotes the workers' living conditions, and at the same time, increases the rate of production. However, the unions flatly refused to accept this policy stating that a guarantee of living conditions would be the best means to increase production, but that to adopt the efficiency wage system in its present form would only be an exploitation of workers. The solution of the problems between employers and employees must naturally depend upon government policy. Consequently these disputes gradually assumed political features which increase their importance as compared to the disputes in the first half of 1946.

The fundamental object of the so-called "October offensive" in October, 1946, which developed as a result of a dispute in the electric industry and was backed by the National Congress of Industrial Unions was to obtain standard basic wages, though it had many political features. The Government then decided to enforce the Labour Relations Adjustment Law which was enacted in September, and, at the same time, announced a policy of suppressing disputes having political features. Although the dispute was settled by the acceptance of the employers of standard basic wage rates, the tendency further developed, and finally culminated in a general strike of government officials. The proposed general strike of February 1st and its avoidance through SCAP intervention is an epoch-making fact in the post-war labour movement, which spurred the latter to reflect on the present critical situation of the country, whilst the policy of the communist party and the Congress of Industrial Unions became a target for criticism, thereby bringing about a turning point in the labour movement.

Labour unions have since taken steps to contribute towards post-war economic rehabilitation by participating in the formation of the Economic Rehabilitation Conference in 1947.

Actually, however, it is undeniable that the sudden development of the labour union movement accompanied by difficult living conditions which are an outcome of inflation, has given rise to frequent disputes, which are an obstacle to economic rehabilitation.

The Labour Relations Adjustment Law was enacted on September 20th, 1946 (enforced from Oct. 13th) for the main purpose of avoiding possible disputes, and should any disputes occur, of settling them promptly and democratically.

(4) Present Labour Conditions.

(A) Prices and wages.

Post-war inflation resulted in a rapid increase of commodity prices and unsatisfactory distribution of such indispensable goods as food and consumer goods. Black-market prices raised the cost of living to a very high peak, and although wages were increased, they fell by far short of meeting the cost of living. The gap between wages and living costs gradually widened.

Wholesale prices in June 1947, compared with those of June, 1945, just before the termination of the war, are 19.9 times (retail prices 11.6) higher. Compared with 1937, the rate of increase is 22.3 (27.9) times than the average of that year. These increases were partly brought about by changes in official prices. Prices on the black-market differ violently according to quality of the goods but in June, 1947 they have reached the point where they are 14 times higher than official prices.

Furthermore, since it is impossible to live solely on goods distributed at official prices, the living costs of the average consumer advanced far above the multiplied rates of official prices. Economic White Paper show these extraordinary rates as 60-70 times those of 1937. (Taking into account the rate of 8 to 2, in comparing official prices and black-market prices, and the price level is now approximately 100 times higher). On the other hand wages have been raised accordingly, but are always some steps behind. The average wage rate of the male industrial workers is 26 times that of 1937, and even that of the most experienced male mine worker only reaches the rate of 33 times.

Considering the state of household budgets we find that labour wages are only 20 times those of the days preceding the China Incident, the expenses amount to 29 times, and budgets that allowed a saving of 12% now on the contrary show a deficit of 15%. Since living costs advanced 50-70 times, the level of household costs naturally depreciates to half of what it had been. Workers' incomes have dropped from 92% to 85% whilst side incomes have increased. The income of the household amounts to only 57% of the total income of the family.

The chief headache of such abnormal budgets is obviously the black-market prices. Food purchased in the latter only cover 20-30% of the total amount of food consumed, but financially they amount to 70-80%. Under the present state of distribution it is impossible to

obtain a sufficiency of calories to maintain life, which explain black-marketing.

Gen. McArthur sent an epistle to Premier Yoshida in March 1947, pointing out the necessity of a strict control of wages and prices and of securing goods for distribution through authorized sources. As a consequence the Japanese Government conducted an investigation and in May drew up a draft dealing with general policy and plans regarding minimum wage rates. With regard to wages of government officials, an average level of Yen 1,600 was agreed upon.

On June 11th, the Katayama Cabinet announced Emergency Measures in which the government policy was made plain.

(1) A general revision of wages and commodity prices. (2) Wages to meet living costs, not by a formal control of wages, but by an increase of distribution at official prices.

A gradual expansion of efficiency wages has been proposed, but in view of present conditions where even a minimum livelihood cannot be guaranteed, the most important problem should be to secure wages which would actually meet living costs. Authorities have worked out a standard wage and an official settlement based on this. Although labour representatives proposed 2,600 yen as the basis for wages, consideration of various conditions made it necessary to decide on 1,800, with the government taking full responsibility. On July 5th, a temporary wage by industry was fixed together with a new price scale based on these wages. The chief points are (1) to keep the wage level down to a total average of 1,800 yen for all industries and to make this the basis on which all prices will be fixed; (2) to raise commodity prices to a level 60-65 times that of prices in 1934-1936, the excess cost to be filled in by subsidies; (3) to eliminate the unfavourable spiral of wages and prices.

(B) Working hours.

The average working hours per day of the male worker in the pre-war and war-time period was about 10 hours, and in the post-war period, with unfavourable industrial conditions hours have been shortened, but are still about 9 hours.

With regard to the average of working days during the month, although in the summer of 1946, when the food situation was acute, such days off as "Food Leave" or "Marketing Leave" were commonly allowed, which somewhat reduced working hours, this only proved to be temporary and later the working days were again increased. Through new and more advanced labour legislation in April, 1947, working conditions in Japan are about to reach the world's level. There was

real improvement of conditions with regard to women workers and a relatively high increase in wages.

(C) The Labour Standard Law.

The Labour Union Law and the Labour Relations Adjustment Law have as their aims fair settlement of working conditions, this law regulates working conditions, from the view point of protecting workers.

The terms of this law stipulate:

(1) Basic rules relating to the settlement of working conditions. Labour conditions must be such as shall meet the need of the workers who live a life worthy of a human being. The standard set by the law is the minimum, and labour conditions, therefore, should not be lower than this standard.

(2) In setting forth working conditions both employers and workers should decide matters on an equal standing. Discriminatory treatment on account of race or sex forced labour intermediate exploiting through labour brokers are prohibited.

As regards the conclusion of employment contracts, the duration of the contract, a clear statement of the working conditions, prohibition of damages for breach of contract, pre-established amendments, prohibition of offsetting loans and compulsory savings. Again, various restrictions as regards discharge notice prior to discharge (period running to at least 30 days), employment licence return of money and goods etc.

Besides regulating the above principles, the law strives for the elimination of feudal trends.

(3) As regards working conditions, several clauses (International Labour Covenant) from the Labour Act, inserted in the Versailles Treaty, items based on the minimum standard (i.e.

minimum wages, 8 hours system, weekly holidays, yearly vacations with pay etc.) as conferred by the Labour Conferences which took place later, have been brought in, as far as provisions allow, and these conditions surpass those of the international level.

The Labour Standard Law strives to provide for the minimum of living costs which is the right of the worker, and has great significance as a social policy. Although the advanced nature of the law renders its enforcement hazardous, a part of it is expected to be carried out from September. The important matter is how the regulations are effected according to the actual state of affairs, rather than the regulations themselves. Furthermore, what should be added here is Labourers' Accident Compensation Insurance Law enacted on May 30th and enforced from April 5th. The law stipulates that "Insurance would be provided, should accidents, illness, disablement, or death occur, while on duty." It has for its purpose the protection of workers against accidents and insurance indemnities to be paid by the Government. Thus, hoping to secure a water-proof protection for workers, and to ease the burden of employers, the law aims the economic rehabilitation through co-operation between employers and employees.

(5) Employment and Unemployment

The fundamental changes in industrial structure brought about by the cessation of the war, resulted in a radical change over labour, particularly unemployment in mining industries and the return of a large number of repatriates and demobilized soldiers. Comparing war-time employment with that of the post-war period, a part of

the unemployed found work in agriculture, but a larger number remained unemployed. Moreover, many of those who still draw wages can be considered as latently unemployed. Activity in the mining industries has somewhat revived, accompanied by an increase of employment, but production barely reaches one third of that of pre-war days.

The production power of labour has been diminished to one half. Allowing for unfavourable industrial facilities as well as living conditions, slackness and deterioration in technical abilities are responsible for this decline in efficiency.

It is difficult to estimate the exact number of unemployed at the present time. According to an estimate of the Welfare Ministry, unemployed persons in April, 1947 numbered 2,220,000 evidently unemployed workers, 6,500,000 latently unemployed workers, a total of 8,720,000. The Government established a Committee for Unemployment Policy and an Unemployment Relief Board and has reserved funds for relief amounting to 7,700 million yen in 1946; 9,500 million in 1947, but this has not yet been made effective. With the excessive drop in real wages there is an inclination for unemployed to avoid honest wages, and make a living through profiteering in the black market. Of these 500,000 unemployed only 287,000 (18%), desired employment, and only 60% of these could find employment. From the termination of the war to May, 1947, the demand for workers totalled 5,691,112, whilst only 3,674,498 sought employment.

Number of Workers in July 1946: (in millions)—total 10.1; in Industry 5.4; Transportation 1.3; Public services 1.8. Total number of workers (registered) at May 1 and Dec. 1, 1945 respectively: 20 and 24 million.

INDUSTRIAL PRODUCTION OF JAPAN

Following are detailed output figures for Japan's principal manufacturing and mining industries for the months of July and August 1947. In the first line of the figures below the manufacturing and mining production figures are given for the month of July, while in the second line the production figures for the month of August 1947 are listed. In all instances quantities are given except in machine tools, Farm implements, Sawing and wood working machines, Ball bearings, Pottery, when values in 1,000 yen are stated.

Gold ore	Gold	Silver ore	Silver	Copper ore	Tin ore	Iron ore	Pyrites	Coal	Lignite	Crude oil	Crude refined	Sulphur	Pig iron
(gram)	(gram)	(kg.)	(kg.)	(m.t.)	(kg.)	(m.t.)	(m.t.)	(1,000 m.t.)	(1000 m.t.)	(kl.)	(kl.)	(m.t.)	(m.t.)
218,926	179,517	5,233	5,044	2,117	11,410	56,183	73,613	2,227	250	17,190	14,386	2,682	21,949
128,370	133,268	5,209	4,631	1,784	396	56,000	72,642	2,086	278	17,770	17,518	3,000	23,446
Steel	Ma-	Electr.	Zinc	Lead	Alumi-	Alumi-	Mer-		Cast	Galva-	Nails	Wires	Iron
Ma-	terials	Copper			nium	nium	cury		iron	nized			rods
(m.t.)	(m.t.)	(m.t.)	(m.t.)	(m.t.)	(m.t.)	(m.t.)	(kg.)		pipes	sheets	(m.t.)	(m.t.)	(m.t.)
45,653	8,052	2,426	1,187	662	252	1,367	5,621		1,422	417	2,552	275	534
49,463	5,796	3,700	1,147	552	252	1,624	4,996		1,277	782	3,240	690	980
Int. comb. Engines	Motors	Trans-	Radio	Vacuum	Tele-	Electric	Insula-		Weaving	chine	Trucks	Bicycles	Pumps
(unit)	(unit)	formers	sets	tubes	phones	wires	tors		machines	tools	(unit)	(unit)	(piece)
1,524	15,542	5,670	67,000	545,563	25,200	4,107	641		619	78,031	449	18,069	11,901
1,563	14,941	4,326	64,000	598,624	25,500	3,386	588		2,229	82,493	838	19,063	8,744

FOREIGN TRADE & FINANCIAL REPRESENTATIVES IN HONGKONG

Two of the British Dominions, namely Canada and Australia, maintain at present offices of Trade Commissioners in the Colony and it is expected that the Union of South Africa will also establish a trade representative's office here. The Canadian and Australian Trade Commissioners have been appointed by their respective governments to look after and promote their countries' commercial interests in a large part of the Far East (including South China, Indochina, the Philippines) with Hongkong as regional headquarters. The Union of South Africa, however, maintains at present its Far Eastern trade representative's office in Singapore whose field includes China and Japan. Owing to the geographically favourable location of Hongkong and its increasing importance in Far Eastern finance and trade, the Union's trade representative's Far Eastern head office may at a later date move to this Colony while some subsidiary offices might be established in other trading centres of the Far East (like Singapore, Shanghai, Tokyo, Saigon, Bangkok).

South Africa's Trade Commissioner

The Colony had the privilege to welcome South Africa's trade representative for the Far East, Mr. L. Francois Joubert, who investigated here the possibilities of expansion of business with his country. The present volume of

trade between Hongkong and South Africa is relatively large but could be very actively promoted if merchants and manufacturers both here, in other Far Eastern centres and in the Union of South Africa could be adequately informed of the available opportunities and their complementary interests. Mr. Joubert's main endeavour is to establish trade and banking connections for Union and Far Eastern exporters and importers. The field is very large indeed and would only require some mutual research to be made into the many possibilities for exchange of goods and raw materials.

Hongkong and the Union being members of the sterling area enjoy all the facilities which are so amply provided within the Commonwealth and Empire. Due to the advanced stage of general rehabilitation and the active promotion of trade and industry by Hongkong Government, the Union's business men will find it most advantageous to conduct sales and purchases with many Far Eastern and Western Pacific countries through the Colony of Hongkong where banking, transportation, commercial procuring and other related services are up to the standard of England.

Business with Africa

Local exporters will also find additional interest among the merchant firms of Johannesburg and other com-

mercial centres of the Union to expand their business with the two Rhodesias, Kenya, Tanganyika, Abyssinia, Anglo-Egyptian Sudan, and the whole rapidly progressing Continent of Africa. Enterprising traders in the Union are, not unlike our promoters of an increasingly active entrepot trade of the whole Far East, also developing inter-African commercial business which for the time being centres on the expansion of commercial relations with eastern Africa.

Mr. Joubert stated to a representative of the *Far Eastern Economic Review* that post-war industrialisation of his country has been equal only to Australia's; from month to month new industries and trades are established and international interests in the present and anticipated progress of the Union have only recently become aware of the unprecedented potentialities of South Africa. Relatively judged the Union is by far the wealthiest community in the world leaving the United States and Canada considerably behind.

Far Eastern countries are at present buying or interested to buy from the Union mainly coal (which is however under world allocation), leather, hides and skins, vegetable tanning, chrome tanning materials, boots and shoes; any kind of canned food (especially vegetables, fruits, jams) and fresh fruits (grapes, apples etc.), frozen food and fruits; wines, liquors and brandies (in which the Union is leading the world); any type of wool; manganese, chrome ores, asbestos, vermiculite; calcium

Farm-implements (Y.)	Sawing & wood work machines (Y.)	Rock-drills	Watches and clocks	Cameras	Elect. bulbs	Ball bearings	Soda ash	Caustic soda	Sulphuric acid	Carbide	Absolute alcohol	Hydrated alcohol	Dyes
(1,000)	(1,000)	(piece)	(piece)	(piece)	(1,000)	(1,000)	(m.t.)	(m.t.)	(m.t.)	(m.t.)	(kl.)	(kl.)	(m.t.)
124,917	47,420	1,683	137,515	5,765	5,786	23,400	4,178	4,817	129,324	32,732	103	740	249
193,528	48,300	1,796	151,057	5,754	7,698	24,321	3,911	4,744	123,278	20,907	50	1,418	205
Paints	Soap	Coal tar	Gasoline refined	Oil refined	Kerosene refined	Mach. oil	B Heavy oil		Paraffin	Asphalt	Grease	Fatty acids	Auto-tires
(m.t.)	(m.t.)	(m.t.)	(kl.)	(kl.)	(kl.)	(kl.)	(kl.)		(m.t.)	(m.t.)	(m.t.)	(m.t.)	(piece)
857	345	9,245	2,225	538	2,108	11,761	2,616		23	1,576	512	481	22,450
639	187	9,949	2,283	829	2,679	2,490	2,522		22	1,440	536	155	23,705
Bicycle tires	Auto-tubes	Bicycle tubes	Rubber boots	Chikabuti	Rubber belting	Rayon pulp	Paper pulp	GP pulp	KP pulp	AP pulp	Kraft paper	Newsprint	Paper
(1,000)	(piece)	(1,000)	(pairs)	(1,000)	(m.t.)	(ton)	(ton)	(ton)	(ton)	(ton)	(1,000)	(1,000)	(1,000)
211	20,733	182	206	862	79	3,640	5,283	15,402	1,299	101	1,552	17,238	20,786
273	24,648	256	256	1,131	80	1,898	7,531	15,559	1,194	112	1,212	19,103	20,534
Celluloid	Rayon yarn	Staple fibre	Super phos. of lime	Ammo sulphate	Calcium cyanamide	Cow hides	Cow leather	Leather goods	Gas	Coke	Pottery	Bottles	
(m.t.)	(lbs.)	(lbs.)	(m.t.)	(m.t.)	(m.t.)	(m.t.)	(m.t.)	(m.t.)	(m.t.)	(1,000)	(1,000)	(Y)	(m.t.)
194	1,522	1,930	58,675	75,820	24,994	76	194	182	51,381	173	230,105		2,243
206	1,615	2,089	62,371	55,770	21,700	126	262	193	50,009	175			2,677
Window glass	Plate glass	Glass (Incl. Med. use)	Cement	Cotton yarn	Silk yarn	Hemp yarn	Woolen yarn	Staple fibre yarns	Cotton textiles	Silk textiles	Hemp textiles		
(case)	(case)	(m.t.)	(m.t.)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)		
115,187	673	2,257	100,909	25,285	590	1,826	2,491	1,607	62,557	3,876	1,939		
109,134	686	2,596	120,510	13,223	642	1,711	2,129	1,314	56,257	3,366	1,912		
Woolen textiles	Rayon textiles	fibre textiles	Fishing nets	Matches	Leather shoes	Shovels and Spades	Ham-mers & Pickaxes	Pans	Kettles	Power (steam)	Power (water)		
(1,000)	(1,000)	(1,000)	(1,000)	(match)	(1,000)	(m.t.)	(m.t.)	(1,000)	(1,000)	(1,000)	(1,000)		
sq. yds.	sq. yds.	sq. yds.	lbs.	ton	pairs				k.w.h.	k.w.h.	k.w.h.		
1,885	5,365	2,750	1,866	17,566	218,536	197	93	419	111	64,767	2,943,899		
1,862	3,246	3,129	1,553	16,573	231,978	184	88	55	65	128,324	2,334,962		

AVIATION REPORTS

HONGKONG AVIATION REPORT FOR NOVEMBER

Air transport traffic figures for November reveal that last month recorded the highest returns since the end of war, exceeding considerably the previous record figures attained in October 1947. Against 302 civil aircraft arriving here in October, and total passengers, in and out, and freight carried in and out amounting to respectively 9,288 persons and 94.8 tons, the respective figures for November are: 10,707 passengers and 110.8 tons of commercial cargo.

Principal air borne imports in November were: sundry articles; wearing apparel, piece goods; chemicals and drugs; hardware. Principal exports flown out of the Colony in November: dyeing and tanning materials; hardware; piece goods, textiles, wearing apparel; sundries; foodstuffs and provisions; chemicals and drugs.

carbide, pigments, various chemicals; toys, electric cables, industrial machinery (especially those used for mining equipment); diamonds (over 1 karat, while smaller stones usually are shipped to Amsterdam from where they are exported to Far Eastern and other countries).

United Kingdom Trade Commissioner

As representative of Britain's Board of Trade, Mr. W. P. Montgomery has been appointed U.K. Trade Commissioner in Hongkong and has already taken up his duties. While his main interest is at present to increase exports and imports between Hongkong and the U.K., Mr. Montgomery will also investigate commercial conditions in the contiguous areas for which Hongkong is serving as a natural entrepot. Mr. Montgomery's previous assignment was with Unarra's China Mission and with Cnrra.

International Bank for Reconstruction and Development

The Bank, often referred to as World Bank, is now investigating economic conditions in the Far East, an area which is ranging from Burma to Japan. The World Bank's Field Representative for the Far East, Mr. Raoul de Sercey, stated to a representative of the *Far Eastern Economic Review* that a Far Eastern office of the Bank, whose headquarters is in Washington, may be established after the conclusion of his preliminary research work. We were both in agreement that Hongkong, for obvious reasons, would recommend itself most prominently to be eventually selected by the International Bank for Reconstruction and Development as headquarters Far East. Mr. de Sercey will return to Hongkong after about two months' touring of the Far Eastern areas west of Hongkong.

Aircraft, passenger and freight traffic at Hongkong Airport, Kai Tak, for the month of November was as follows:—

	In	Out	Total
Passengers . . .	5,601	5,096	10,707
Aircraft . . .	324		
Commodity	Import (kgs.)	Export (kgs.)	
Jewellery	121	5	
Chemicals & Drugs . .	1,669	1,112	
Chinese medicine . .	91	317	
Dyeing & Tanning . .	81	46,318	
Foodstuffs & Provisions	402	2,714	
Hardware	1,530	13,056	
Minerals & Ores . . .	139	1	
Nuts & Seeds	8	33	
Oils & Fats	33	—	
Paints	—	—	
Paper & Paperware . .	97	3,557	
Piece Goods & Textiles	2,107	4,098	
Wearing Apparel . . .	6,038	5,139	
Gold Bullion	—	—	
Banknotes	—	—	
Sundries	10,362	11,774	
	22,678	88,124	

BUSINESS OF BRITISH STATE-OWNED AIR LINES

Of the 3 State-owned British air line corporations only British South American Airways have made a small profit. British Overseas Airways and British European Airways, the two larger organisations, have sustained losses. The Civil Aviation Act laid down a top limit of £10 m. to the subsidy for the financial year to the three corporations together, and it is believed that the losses approach this figure. It was officially estimated that BOAC's likely deficit £7 m. or £7,500,000, and BEA's as £2,250,000 or £2,500,000.

For the current year the Act lays down a similar limit to financial aid for the three corporations from public funds, but after next April the annual total of assistance available is to be reduced to £8 m. The air lines will have to do better financially or make drastic economies. BOAC have already taken steps to reduce expenditure, but with their assorted fleet of "interim type" aircraft and their widely scattered bases this will be by no means easy.

There is no prospect of improved results soon. So far the air lines were operating in a "seller's market." Many people travelled by air because shipping space was not available. Large numbers of people who had been unable to travel for some years because

of the war visited relatives and friends abroad or took holidays overseas. Many passengers were members of the forces; others were emigrants going to new homes. Many were Government officials or business men re-establishing pre-war connexions. The likelihood is that the number of people carried by air will be smaller from now on.

British Aviation Problems

British air transport had a trying and difficult experience since the end of the war. Almost throughout the war civil aircraft development was neglected in order to concentrate on military output. By agreement the aircraft industry in the United States continued to make transports which, while intended and used for war purposes, could be transformed into civil air liners. As a result the larger types of passenger aircraft now coming from British factories do not compare favourably with American machines. They are for the most part improvised types, in some cases using military components, and there is little prospect of making up the leeway until after 1950, when completely new air liners should be ready.

The Government's decision not to spend dollars on buying more American aircraft has forced BOAC to maintain their long-distance services with British types which, in most cases, are neither economic nor completely suitable. Altogether, the corporation are employing 10 sorts of aircraft, both landplanes and flying-boats, and 11 varieties of engine. This complicates overhaul and maintenance and has an important bearing on the financial results of the services.

Many of the aircraft on the Empire routes were built for war purposes, with no regard for future requirements of large civil aircraft. In some cases the facilities are quite inadequate. BOAC's choice of fast aircraft for these routes has been influenced by the need to use these airfields. On some routes British operators suffer from the fact that foreign countries are not ready to cater for trunk air services. The air line companies have been forced to improvise and provide for themselves.

Difficulties of Flying Boats

BOAC's difficulties on the Empire services have been complicated by the recent decision of Qantas Empire Airways (Australia) and South African Airways to abandon the use of British flying-boats in favour of American landplanes. Because more American aircraft cannot be bought, BOAC will have to continue with flying-boats, and as a result will have to meet the whole cost of maintaining separate marine bases over these long routes. Under the "parallel partnership" system which has operated hitherto between British and Dominion air carriers both receipts and expenses were pooled. When differ-

ent types of aircraft are used only receipts will be pooled, each meeting its own expenses. For the moment Tasman Empire Airways (New Zealand) are continuing to use British flying-boats for the Auckland-Sydney run, but this company also may eventually switch over to American landplanes.

Good Progress

On the whole the three corporations can look back upon a year of no small achievement. All three have developed new routes and carried many passengers and large quantities of freight and mail. BOAC flew well over 250,000,000 passenger-miles. British air transport has established a reputation for regularity and safety and for a high standard of service. These are assets that will pay dividends in the future. But until Britain's economic difficulties are eased and a new range of first class air liners and satisfactory airfields and maintenance bases are available it would be optimistic to expect the corporations to carry on without financial aid from the Govern-

NETHERLANDS-CHINA AIR TRANSPORT AGREEMENT

The four year Air Transport Agreement between China and the Netherlands was concluded on October 21, at Nanking. Negotiations started in July this year with the arrival in China by special Dutch plane of a Netherlands air delegation. On July 2 the first meeting with the Chinese delegation took place and negotiations were completed on July 12. The Netherlands air mission left China on July 13 and subsequently the draft agreement was approved by the Netherlands Government and the Chinese Executive Yuan.

The Sino-Netherlands Air Agreement, which is based on the principles laid down in the British-American Air Agreement signed last year in Bermuda, provides for three air connections between Chinese and Netherlands territories which are to be operated by Chinese and Netherlands airlines. The first route will link China directly with Holland via Kunming, India, the Near East and North Africa. The second and third routes are connections between China and the Netherlands East Indies, via the Philippine Islands and via Indo-China and Singapore.

The Netherlands airlines have obtained commercial landing rights at Shanghai, Kunming, Canton and Tientsin.

Chinese airlines are granted landing rights at Amsterdam, Batavia and Surabaya, Medan and Palembang, Balikpapan, Makassar, and Kupang. The possibility of these air communication is especially important to China in view of the large number of Overseas Chinese residing in the Indonesian archipelago.

The text of the agreement is similar to the ones concluded previously between the United States and China (vide our issue of

February 5) and the United Kingdom and China (vide our issue of October 8). There are 14 articles which mostly are identical in wording with the articles as appeared in the two preceding air transport agreements (and published in extenso by this Review). One notable addition is article 13 which stipulates that, although the agreement was drawn up in the Dutch, English and Chinese languages, only the English text shall be authoritative in case of divergence of interpretation.

Annex to the Air Transport Agreement

In the Annex the future air routes are outlined as follows:—

China has granted to the Netherlands the right to operate air services by one or more airlines to or through points in Chinese territory on the following routes, via intermediate points and beyond in both directions:

(a) *The Netherlands via points in Europe, North Africa, the Near East, India, Burma and Siam to Kunming, Canton and/or Shanghai and thence via a Pacific route to the U.S.A.;*

(b) *The Netherlands East Indies via points in Malaya, Siam and Indo-China to Canton, Shanghai and/or Tientsin;*

(c) *The Netherlands East Indies via the Philippines to Canton, Shanghai and/or Tientsin.*

The Netherlands have granted to China the right to operate air services as follows:—

(a) *China via points in French Indo-China, Siam, Burma, India, the Near East, North Africa, Europe to Amsterdam and thence to Scandinavian countries, British Isles and/or North America;*

(b) *China via points in French Indo-China, Siam, Malaya, Singapore, British North Borneo to Medan, Palembang, Batavia, Surabaya and/or Balikpapan and thence to Australia and/or New Zealand;*

(c) *China via points in the Philippine Islands, British North Borneo to Batavia, Surabaya, Balikpapan, Macassar and/or Kupang and thence to Australia and New Zealand;*

The KLM (Royal Dutch Airlines) may shortly start regular air service on one of the three routes, probably the Shanghai-Batavia line, thus expanding the great network of international airlines operated by the "Flying Dutchman."

Chinese are planning an early inauguration of the same route. A CNAC DC-4 Skymaster made a survey flight from Shanghai to Batavia last August. Regular KLM service on the China-Holland route, with through connections to European countries and South Africa may start next year.

The wording of the articles contained in the Annex are again almost identical with the articles as appeared in the annexes to the previous two air transport agreements (and published in this Review in extenso.)

AVIATION IN CHINA

Since the end of war China has advanced in air transportation which has become very important in view of her acute communication disruptions. Steady increases in passenger and freight traffic have created the impression that air transportation may yet bridge over the nation wide bottlenecks in land and water communications.

With the nation split up into blockaded areas business men are turning to the only means of safe shipment—air haulage. Air transportation has enabled factories in North China and the northwestern provinces, which otherwise would be cut off from the sources of supply, to receive needed materials to continue operation.

The air-mindedness of the Chinese people is apparent also in the great increase in the number of passengers commuting on the domestic services of China's two main airlines—the Central Air Transport Corporation and the China National Aviation Corporation. The CATC alone reported a ten-fold increase in freight carried from January to August as compared with same period 1946. Passenger traffic increased by about 300%.

CATC statistics show a total of 8,288 tons of freight and 64,600 passengers carried for Jan./Aug. 1947. These figures include inward and outward traffic (mostly with Hongkong as Chinese air lines up to middle of this year were not flying many other foreign routes) and domestic traffic. No official records are compiled by the Chinese Govt. (Ministry of Communications) regarding aviation returns so that individual companies' releases have to be pieced together and taken as indication for China's air transport situation.

Foreign companies flying into China take only a modest share of its domestic air traffic which is only handled by CNAC and CATC. The business of both companies (the first one technically controlled by an American corporation; the second one is completely State-owned) has been very good on account of the political unrest in China, the unchanged primitive means of transportation in the larger parts of China Proper (not to mention the archaic land and water communications in the Far West and North) and the insecurity of travelling even within the supposedly best policed coastal areas of Central and South China.

Chinese civil aircraft have been used for transportation of almost any description of commercial cargo (as well as banknotes, gold and precious metals) in internal and foreign trade, with or without the official acknowledgment by the Chinese Customs. From the freight carried by CATC in January 1947 and August 1947 of respectively 208 tons and 1,947 tons the progress of business of air transportation in China can be gauged, and also the deterioration of domestic communications and the spread of civic insecurity which brought about an increasingly heavy demand by merchants and traders and the travelling (and fleeing) public at large.

EXCHANGE & FINANCIAL MARKETS

US\$ TRANSACTIONS

Inward remittances from overseas Chinese arrived here in rising amounts (returnees from the U.S. also carried with them large parcels of US notes) which were largely offered on the market causing weakness in the rate. Demand for TT New York petered out which was partly due to gold importers' anxiety about the near future trend of gold prices and the immediate effect of the new gold import and transit regulations which were announced in the Portuguese Colony on Dec. 13. Merchant demand remains at a low ebb as the overstocked private and public godowns only slowly make available new storage space. Tight money continues unabated and the holiday season does not promise any real improvement.

Last week's highest and lowest selling rates for US\$ were as follows: notes HK\$506—496; drafts 508—496; TT New York 520—508. The cross rates fluctuated between US\$3.07½ and 3.15 (for TT) and US\$3.15 and 3.22½ (for drafts). Sterling in New York ruled firm as transactions on the free market there were done between US\$3 and 3.10. Near Eastern open markets also quoted sterling unofficially around this level, however, it appears that last week's unofficial rates for sterling in Hongkong were the highest between Suez and Tokyo. (The black market in Japan quotes pound notes only at US\$2 and sterling drafts around US\$2.50 to 2.70).

The principal factor now influencing the local unofficial TT rate is gold importation into Macao; falling any speculative or investment demand for US\$ and the very quiet position on commercial markets in Hongkong and China the increasing supply, mostly from American Chinese remittances and importation of US notes into the Colony, should tend to keep rates down. Many Chinese flight capitalists are furthermore selling some of their free funds in New York—either for local business requirements or for personal expenses and re-investment in Hongkong—thus causing an additional pressure on the unofficial exchange market which cannot well dispose of TT New York under the present sluggish conditions. If local and New York as well as free Near Eastern market rates will show larger differences than prevail at present, international arbitrage operators may adjust the position.

GOLD TRANSACTIONS

Sales of gold in China were last week very slow and prospects are that a quiet gold market will continue right up to Chinese New Year (early February 1948) after which holiday and financial settlement day a general advance in commodity, gold and foreign exchange quotations is anticipated. The Chinese government efforts to reduce loans and create, at least in parts of China, a tight money position have reflected on all investment and speculative markets. Decreased demand for gold has been

one of the consequences, a fact which has brought about the decline in rates.

Gold imports into Macao continue to be unloaded from the Catalina flying boat which calls 2 or 3 times weekly on the Portuguese port. Practically all previously issued gold import licences have been used up, and there may be no more than 50,000 ozs. outstanding; however, new contracts have already been entered into, based on the provisions of the new gold trade regulations of Macao as from Dec. 13. The financially strong organisation headed by Mr. Foo Tak-yam and centred around his Tai Fung Banking firm in Macao, may in future obtain a still larger portion of import licences.

Old licences have been selling recently up to 7 and 8 per oz. Many importers were able to get much more gold into Macao than was originally permitted thus saving on their "black market" expenses incurred when purchasing from various brokers or even the original licencees the official Macao gold import permits.

Gold prices on the local market dropped to \$284½ per tael (highest price for the week was \$302). Local cross rates moved between US\$ 48¼ and 46½ per oz. The highest and lowest rates in Canton last week were: HK\$304—292 per tael (day by day prices were: HK\$297, 299, 303, 302, 296, 292). Shanghai quoted (selling, average) day by day: CN\$8.9; 8.8; 7.4; 8.4; 8.9; 8.1 million per oz. The cross rate fluctuated between US\$57 and 52 per oz. The lowest Far Eastern market was in Bangkok where the equivalent price for one local tael dropped to HK\$270, later recovering to \$275 (one baht weight of gold in Bangkok of about 15 grams sold at 415 to 435 ticals). Manila sales were effected at lower than US\$48 per oz.

Gold importers took delivery of American (U.S., Canadian, Peruvian) gold at HK\$250 cif Manila (plus about HK\$10 to 12 for delivery cif Macao), and HK\$260 cif Saigon (plus about \$16 for delivery cif Hongkong or only some \$12 for delivery cif Macao). Local bullion dealers shipped out of the Colony an estimated 30,000 taels during the last week but imports from Macao were in excess; the balance usually goes into the safe deposit boxes of local banks as China buyers (although residents in China) often stipulated "delivery in Hongkong".

Local cash sales at the Exchange Society totalled last week 20,150 taels but outside transactions for delivery amounted to over 30,000 taels. Gold forward business as transacted by the native banks here averages during the quieter weeks one to 1½ million taels; the morning session witnesses usually 100,000 to 130,000, and the short afternoon session 50,000 to 80,000 taels as being transacted. In forward business only margins are settled, no delivery is taken.

Gold exporters in New York have accumulated sufficient stocks to supply the demand in China. During the last 3 to 4 months over half a million ounces were exported from the U.S. with final destination China (via Manila, Bangkok, Saigon, Macao, Hongkong). The figures released by the U.S. Bureau of the Census do not give exact information

as they do not include the large gold re-exports from the U.S. (e.g. gold shipped from Peru in transit to San Francisco for delivery Bangkok).

HONGKONG TREASURE TRADE IN NOVEMBER

Gold Exports: \$130,000 worth of bars and ingots to Macao.

Silver Exports: in bars and ingots—\$173,936 to Philippines, \$1,278,926 to the U.S.; in Chinese silver dollars—\$228,600 to the Philippines; in silver subsidiary coins—\$188,062 to the Philippines, \$36,013 to the U.S.

BANK NOTE MARKETS

Indochina Piastres: The feeling seems now to be quite general that the French and the Viet-namese will compose their differences and that commerce and finance of Indochina in 1948 will experience a very much better time than during this year. Piastre rates went up in Saigon and Haiphong (HK notes and TT Hongkong quoting respectively 78 and 80 I.C.\$ during last week) while here prices for 100 piastres moved around 12¼ to 12½. The spot market transacted last week 6,850,000 I.C.\$.

Siamese Baht: Post-war record rates were quoted last week for the baht (notes went up to HK\$30, and TT Bangkok once reached \$13½). In Bangkok all foreign notes and TT dropped to lowest levels although towards the end of the week some reaction was observed which nipped off some of the earlier gains. Bangkok quoted TT New York 17 baht, US notes 15 to 16 baht, TT Hongkong 3 to 3¼ baht, TT London 53 to 54.

Guilders: Demand remains small; Nica guilders quoting around HK\$26½ per 100 guilders, and the former so-called Java guilders (not in circulation now) around HK\$15½.

Other Notes: Philippine Peso notes quote usually less than 50% of US notes, business having been done last week around HK\$2.42 to 2.47. Australian pound notes find little interest at prices which do not change (HK\$12.50 to 12.55). Indian rupees and Straits dollars are transacted in small volume at prices which are slightly lower than the exchange banks pay here (official rates).

Bank of England notes sold around \$13 and there was some activity during a few days. Larger denomination pound notes (£5, 10, 20, 50, 100) quote nominal only at around \$1.20 to 1.50; there is no business reported in these notes which, to all intents and purposes, are

useless outside the U.K.; besides, the large number of more or less perfect forgeries prevent banks and speculators to go into this line.

CHINESE MONEY MARKET

The official open market exchange rate in Shanghai was raised as from Dec. 19 to CN\$83,000 TT New York, and CN\$259,000 TT London. The unofficial exchange market in Shanghai quoted US notes (from Monday to Saturday, daily averages, in thousands of CN\$):—154; 150; 142; 145; 145; 142. The unofficial Canton market quoted HK notes (day by day):—27.6; 26; 24.5; 25.4; 25.4; 25.1.

In the face of tight money creation by the State banks, inward remittances and transportation of Chinese notes brought about the accumulation of more idle funds in Shanghai. Last week's influx of money into China, through unofficial domestic remittance channels, was estimated at about CN\$5 trillion. Private and native bankers' rate of interest advanced last week to 27 to 30% per month.

Cost of printing and transportation of the recently issued bank notes has been estimated at CN\$4,000 per one note of CN\$100,000 (or Customs Gold Unit of 5,000 denomination) while the air-lifting of notes across the country—the only means of safe transportation in civil war ridden and bandit infested China today—in chartered air craft amounts to CN\$100 million per every plane load of CN\$ 50 billion (i.e. 2 per mille).

Local quotations of CN\$ notes and remittances will be seen from the table of Unofficial Exchange Rates.

Conditions in Swatow of last week are symptomatic of the financial turmoil caused by the issue of the new bank notes (estimated at 10 trillions) and the concurrent activities of the secret service, army and gendarmerie supported by the suspension of loans and recall of outstanding credits. In Swatow (like in Amoy and Foochow) large quantities of new notes arrived by plane from Shanghai and were stored in government banks' vaults. Subsequently all prices in the city and its hinterland rose. Arrests were then effected by secret service organs, detentions, searches, intimidations followed. Prices started to recede which trend was accentuated by the loan policy of government banks (the private banks having no

funds to grant loans except at interest rates of over 25% per month). During the height of the secret service terror prices slumped by almost 30% from the peak attained earlier in the week. However, at these artificially reduced prices very little business was done, every holder and speculator waiting for the relaxing of the interference by secret service police.

The tight money position has caused Swatow bankers to return a large number of inward remittances as they were unable to pay out sufficient funds to the drawees. The coming holiday season brings with it a very much increased volume of remittances to Swatow (for the people living in north eastern Kwangtung, especially the Chiaochow and Hakka) mostly from their relatives and friends in foreign countries (the remittances arrive in form of CN\$ having been exchanged

elsewhere against Straits \$, Philippine Pesos, US\$, etc.). Last week's inward remittances in Swatow totalled CN\$ 150 billion only part of which could be paid out by the banks. Certain hardships were thus inflicted on the people who calculate with the receipts of money from abroad. Furthermore, many banks defaulted when depositors wanted to liquidate their accounts and a number of smaller banks declared themselves bankrupt and closed down. Last week's bank failures in Swatow were estimated at over CN\$ 50 billion.

BANKING ORDINANCE, 1947

An Ordinance to provide for the regulation and licensing of banking business in Hongkong has been drafted by the Attorney General and was read last week for the first time in Legislative Council. The proposed Bill

HONGKONG OFFICIAL EXCHANGE RATES AGREED MERCHANT RATES

MAXIMUM SELLING		MINIMUM BUYING	
STERLING. 1/2 15/16 delivery within	1/3 1/32 T.T.	1/3 1/32 T.T.	
2 months with	1/3 1/16 O/D.	1/3 1/16 O/D.	
a cut of 1/32	1/3 3/32 30d/s.	1/3 3/32 30d/s.	
for every further 3 months	1/3 1/8 60-90d/s.	1/3 1/8 60-90d/s.	
forward.	1/3 5/32 120d/s.	1/3 5/32 120d/s.	
—Do—	1/3 1/8 O/D if under L/Credit	1/3 1/8 O/D if under L/Credit	
(East & South Africa)	1/3 3/16 O/L with L/Credit	1/3 3/16 O/L with L/Credit	
—Do—	1/32nd up every 30d/s.	1/32nd up every 30d/s.	
(West Africa & West Indies)	1/3 5/16 O/D if under L/Credit	1/3 5/16 O/D if under L/Credit	
RUPEES (India)	1/3 3/8 O/D with L/Credit.	1/3 3/8 O/D with L/Credit.	
82 %	1/32nd up every 30d/s.	1/32nd up every 30d/s.	
—Do— (Rangoon)	83 % T.T.	83 % T.T.	
82 %	34 % O/D.	34 % O/D.	
—Do— (Aden)	34 1/4 7 & 30d/s.	34 1/4 7 & 30d/s.	
82 %	84 1/4 60d/s.	84 1/4 60d/s.	
STRAITS \$	84 % 80d/s.	84 % 80d/s.	
53	All buying rates	All buying rates	
U.S.\$ 24 15/16 delivery within	3/16th higher than India.	3/16th higher than India.	
CANADIAN \$	84 1/4 O/D if under L/Credit.	84 1/4 O/D if under L/Credit.	
2 months with	84 1/4 O/D without L/Credit.	84 1/4 O/D without L/Credit.	
a cut of 1/16	84 % 30 & 60 d/s.	84 % 30 & 60 d/s.	
for every further 3 months	53 % T.T. & O/D.	53 % T.T. & O/D.	
forward.	34 % 30 & 60d/s.	34 % 30 & 60d/s.	
U.S.\$ NOTES	25 % T.T.	25 % T.T.	
25 %	25 5/16 O/D—30d/s.	25 5/16 O/D—30d/s.	
AUSTRALIA.	25 3/8 60—90d/s.	25 3/8 60—90d/s.	
1/6 %			
NEW ZEALAND.	1/6 % (Banks to pay Insur.	1/6 % (Banks to pay Insur.	
1/6 7/16	ance and Postage).	ance and Postage).	
	1/6 15/16 O/D.	1/6 15/16 O/D.	
	1/6 13/16 T.T.	1/6 13/16 T.T.	
	1/6 7/8 O/D.	1/6 7/8 O/D.	

HONGKONG UNOFFICIAL EXCHANGE RATES (IN HK\$)

Gold per Tael		CN\$ (per one million)		S'hai Canton		US\$ (per 100)		Guilder		Fahnt		Pound	
Dec. High	Low	Spot	Forward	T.T.	T.T.	Notes	Draft	T.T.	I.C.\$	T.T.	Note	T.T.	Note
15 302	291 1/2	42 1/2	39 1/2	33	31 1/2	36 1/2	36 1/2	505	508	520	12	26 1/2	27
16 297 1/2	292 1/2	43	41 1/2	34	32 1/2	35 1/2	37 1/2	501	508	517	12 1/2	26 1/2	27 1/2
17 300	295 1/4	45	43	36	33 1/2	38	39 1/2	501	508	519	12 1/2	26 1/2	29
18 298	294	43 1/2	43	35 1/2	32 1/2	36 1/2	40	502	508	517	12 1/2	26 1/2	29
19 293	287 1/2	42	41	33 1/2	31 1/2	35 1/2	37 1/2	498	505	508	12 1/2	26 1/2	29
20 290	284 1/2	42 1/2	42	33 1/2	32 1/2	37 1/2	39 1/2	496	496	519	12	26 1/2	28

would require all banks in the Colony to register as a company and to apply for the issue of a licence. Very wide powers are to be given to the Governor in Council as regards the permission or refusal for operation of an existing bank or a new banking company.

No legislation in respect of banking business in Hongkong was previously in existence, banks and banking firms having been free to transact any form of financial business without registration and some form of government supervision. As there have been during the period following the end of war many new banking firms organising themselves in Hongkong, and a few of them had insufficient capital, others defaulted, quite a few only engaged in speculation, Government considered it necessary to provide legislation regulating and licensing banking business here.

The proposed Bill is now under very close consideration by bankers and members of Legislative Council. It has provoked much controversy which is certain to be aired during the second and third readings of the Ordinance.

HONGKONG REHABILITATION LOAN 1947

The first issue of the 3½% Government bonds amounting to \$50 million has commenced last week. The public response so far was weak, a consequence of the continuing tight money position which forced during the last few days quotations on all financial markets down. The majority of subscriptions to the loan will come from trust funds. The issue of the loan coincides with the first post-war recession in business and a prolonged tight money position.

NETERLANDSCHE HANDEL-MAATSCHAPPIJ N.V.

The annual general meeting of shareholders of the Nederlandsche Handel-Maatschappij N.V. (Netherlands Trading Society) will be held in Amsterdam next January. The Directors have proposed a dividend of 4% in respect of the business year 1946 and furthermore resolved to issue bonus shares to present holders at the ratio of one bonus share for every 5 shares. The capital of the Netherlands Trading Society will accordingly be increased to 48 million Netherlands Guilders.

BANK OF JAPAN

Report at Sept. 30, 1947.

(in millions of Yen)

<i>Liabilities</i>	
Bank Notes Issued	64,435
Government Deposit	5,137
Other Deposit	10,594
Miscellaneous Accounts	3,542
Capital and Reserve	246
Total	83,956

<i>Assets</i>	
Loans to Government	6,900
Loans	42,052
Cash and Bullion	1,374
Government bonds & debentures	13,618
Agencies Accounts	3,780
Miscellaneous Accounts	16,174
Unpaid Capital	55
Total	83,956

TOKYO CLEARING HOUSE

(in millions of Yen)

For the first seven months of 1947:—
Jan. 2,950; Feb. 2,452; March 5,454;
April 3,972; May 3,492; June 4,566; July 4,463.

INTERNATIONAL MONETARY FUND PARITIES

1. CURRENCIES OF METROPOLITAN

AREAS

Country	Currency Unit	Par in Values in Gold		Par Values in U.S. Dollars		Currency Units per £ Sterling
		Grams of Fine Gold per Unit	Currency Units per Troy oz. of Fine Gold	Currency Units per U.S. Dollars	U.S. cts. per Currency Unit	
Belgium	Franc	0.020 276 5	1,533.96	43.827 5	2.281 67	176.625
Bolivia	Boliviano	0.021 158 8	1,470.00	42.000 0	2.380 95	169.26
Canada	Dollar	0.888 671	35.000	1.000 00	100.000	4.03
Chile	Peso	0.028 666 8	1,085.00	31.000 0	3.225 81	124.83
Colombia	Peso	0.507 816	61.249 5	1.749 99	57.143 3	7.052
Costa Rica	Colon	0.158 267	196.525	5.615 00	17.809 4	22.628
Cuba	Peso	0.888 671	35.000 0	1.000 00	100.000	4.03
Czechoslovakia	Koruna	0.017 773 4	1,750.00	50.000 0	2.000 00	201.5
Denmark	Krone	0.185 178	167.965	4.799 01	20.837 6	19.340
Ecuador	Sucre	0.065 827 5	472.500	13.500 0	7.407 41	54.405
Egypt	Pound	3.672 88	8.468 42	0.241 955	413.300	9.75
El Salvador	Colon	0.355 468	87.500 0	2.500 00	40.000 0	10.075
Ethiopia	Dollar	0.357.890	86.956 5	2.484 47	40.250 0	10.012
France	Franc	0.007 461 13	4,168.73	119.107	0.839 583	480.00
Guatemala	Quetzal	0.888 671	35.000 0	1.000 00	100.000	4.03
Honduras	Lempira	0.444 335	70.000 0	2.000 00	50.000 0	8.06
Iceland	Krona	0.136 954	227.110	6.488 85	15.411 1	26.15
India	Rupee	0.268 601	115.798	3.308 52	30.225 0	13.333
Iran	Rial	0.027 555 7	1,128.75	32.250 0	3.100 78	129.967
Iraq	Dinar	3.581 34	8.684 86	0.248 139	403.000	1.0
Luxembourg	Franc	0.020 276 5	1,533.96	43.827 5	2.281 67	176.625
Mexico	Peso	0.123 042	169.925	4.855 00	20.597 3	19.565
Netherlands	Guilder	0.234 987	92.849 8	2.652 85	37.695 3	10.69
Nicaragua	Cordoba	0.177 734	175.000	5.000 00	20.000 0	20.15
Norway	Krone	0.179 067	173.697	4.962 78	20.150 0	20.0
Panama	Balboa	0.888 671	35.000 0	1.000 00	100.000	4.03
Paraguay	Guarani	0.287 595	108.150	3.090 00	32.362 5	12.452
Peru	Sol	0.136 271 9	227.500	6.500 00	15.384 6	26.195
Philippine Commonwealth	Peso	0.444 335	70.000 0	2.000 00	50.000 0	8.06
Union of S. Africa	Pound	3.581 34	8.684 86 (or 173s. 8.367d)	0.248 139 (or 4s. 11.553d)	403.000	1.0
United Kingdom	Pound	3.581 34	8.684 86 (or 173s. 8.367d)	0.248 139 (or 4s. 11.553d)	403.000	1.0
United States	Dollar	0.888 671	35.000 0	1.000 00	100.000	4.03

HONGKONG STOCK & SHARE MARKET

During the week under review, Dec. 15 to Dec. 19, prices generally gave way slightly again in contracting volume. Anxious sellers were compelled to concede to buyers receding bids. However, there were a few exceptions, namely, H.K. Banks, Yaumati Ferry, Watsons and Shanghai Docks all of which improved against the general trend.

It will be observed that Dairy Farms are now quoted ex the right to subscribe to the offer of two new shares for every three shares held on payment of \$15 per share on or before the 30th March next.

Subscription was opened on the 19th instant for \$50,000,000 of the HK Gov-

ernment 3½% Rehabilitation Loan 1973 to 1978, and will be closed on the 15th January 1948. The price of issue will be 100% which is payable in full on application. Interest will be payable half-yearly on the 15th January and the 15th July on the surrender of the coupons at the Head Office of the Hongkong & Shanghai Banking Corporation or at the Hongkong Office of the Chartered Bank of India, Australia and China. The first interest coupon will be payable on the 15th July 1948. The loan will be repayable at par not earlier than the 15th January 1973, and not later than the 15th January 1978. The Loan is one in which Trustees are authorised to invest under the provisions of the Trustees Ordinance 1934.

As was previously forecasted in these columns A.S. Watson & Co., Ltd. have announced a new issue of shares. The authorised capital will be increased from \$1½ million to \$6 millions by the creation of an additional 450,000 shares of \$10 each. The share register will be closed from the 15th January to 28th January. It is proposed to offer to the persons appearing in the register on the 14th January one new share for every share held at \$20 each, payable not later than 30th April next, thus raising the issued capital to \$3 millions, and providing with the premium, \$3 millions cash for capital development in the much needed expansion programme. The declaration of a dividend, and publication of accounts for the year ended 30th October is now awaited.

II. CURRENCIES OF NON METROPOLITAN AREAS

	Par Values in Terms of Gold		Par Values in Terms of U.S. Dollars		Currency Units per £ Sterling
	Grams of Fine Gold per Currency Unit	Currency Units per Troy oz. of Fine Gold	Currency Units per U.S. Dollars	U.S. cts. per Currency Unit	
Belgium:					
Belgian Congo: Franc (parity with Belgian franc) ..	0.020 276 5	1,533.96	43.827 5	2.281 67	177.662
France:					
Algeria, Morocco, Tunisia, French Antilles, French Guiana: Franc (parity with French franc) ..	0.007 461 13	4,168.73	119.107	0.839 583	480.0
French West Africa, French Equatorial Africa, Togo- land, Cameroons, French Somaliland, Madagascar and dependencies, Reunion, St. Pierre and Mique- lon: CFA Franc (=1.70 French francs) ..	0.012 683 9	2,452.20	70.062 8	1.427 29	282.353
New Caledonia, New Hebrides, French possessions of Oceania: CFP Franc (=2.40 French francs) ..	0.017 906 7	1,736.97	49.627 8	2.015 00	200.0
French possessions in India: Rupee (=36 French francs) ..	0.268 601	115.798	3.308 52	30.225 0	13.333
Netherlands:					
Surinam and Curacao: Guilder (=1.406 71 Nether- lands guilders) ..	0.471 230	66.004 9	1.885 85	53.026 4	7.509
United Kingdom:					
Gambia, Gold Coast, Nigeria, Sierra Leone: West African £ (parity with sterling) ..					
Southern Rhodesia, Northern Rhodesia, Nyasaland: Southern Rhodesian £ (parity) ..					
Palestine: Palestinian £ (parity), Cyprus: Cyprus £ (parity), Gibraltar: Gibraltar £ (parity), Malta: Maltese £ (Parity), Bahamas: Bahamas £ (parity) ..					
Bermuda: Bermuda £ (parity), Jamaica: Jamai- can £ (parity), Falkland Islands: Falkland Islands £ (parity) ..	3.581 34	8.684 86	0.248 139	403.000	1.0
Kenya, Uganda, Tanganyika, Zanzibar: East African shilling (20 per £ sterling) ..	0.179.067	173.697	4.962 78	20.150 0	20.0
Barbados, Trinidad, British Guiana: British West Indian dollar (4.80 per £ sterling) ..	0.746 113	41.687 3	1.191 07	83.958 3	1.80
British Honduras: British Honduras dollar (4.03 per £ sterling) ..	0.888 671	35.000 0	1.000 00	100.000	40.03
Ceylon: Cingalese Rupee (13.1/3 per £ sterling) Mauritius: Mauritius Rupee (13.1/3 per £ sterling) Seychelles: Seychelles Rupee (13.1/3 per £ sterling)	0.268 601	115.778	3.308 52	30.225 0	13.333
Fiji: Fijian Pound (1.11 per £ sterling) ..	3.226 44	9.640 20	0.275 434	363.063	1.109
Tonga: Tongan £ (1.2525 per £ sterling) ..	2.859 36	10.877 8	0.310 794	321.756	1.252
Burma: Burmese Rupee (at par with Indian Rupee)	0.268 601	115.798	3.308 52	30.225 0	13.333
HONG KONG: Hong Kong Dollar (16 per £ sterling)	0.223.834	138.958	3.970 22	25.187 5	16.0
Malaya (Singapore and Malayan Union): Malayan dollar (8.571 428 57 per £ sterling, or 2s. 4d. per Malayan dollar) ..					
Sarawak, British North Borneo: The Sarawak and British North Borneo dollars which circulate along side the Malayan dollar (which is legal tender) have the same value ..	0.417 823	74.441 7	2.126 91	47.016 7	8.571

The Felix Ellis price index of twelve representative, active local stocks showed a net loss of 3.08 points compared to the close of the preceding week. Day-by-day his averages were: Dec. 15, 147.90; Dec. 16, 145.44; Dec. 17, 145.16; Dec. 18, 144.93; and, Dec. 19, 144.76 which is the lowest since July 3. The low for the year was 123.88, while the high was 155.82 reached on May 3.

BANKS: HK BANKS improved to a business rate of 2,000 on smaller offerings, and the steady rise in the London nominal quotation. EAST ASIA was in constant demand at 118.

INSURANCES: UNIONS came to business at 765 and 760, and UNDERWRITERS were traded in at 6.35 and 6½.

DOCKS & GODOWNS: WHARF RIGHTS had transactions at 49½, HK DOCKS at 33½, 33¼, 32½, 32, 31½ & 31¼, PROVIDENTS at 23, 22½ & 22¼, and SHAI DOCKS at 17 & 17¼.

HOTELS and LANDS: Business was done in: HOTELS at 23, 22½; HK LAND old at 78¼ and new at 77; SHAI LANDS at 5, 5.20, 5; and, HUMPHREYS at 28¼, 28½, 28, 27¼ & 28.

UTILITIES: The following transactions were reported in this section: TRAMS at 23 and 22½; CHINA LIGHT old at 20¼, 20, 19¼, 19½, and new at 15; ELECTRIC old at 51½, 51¼, 51, 50¼, 50½, 50¼, 50¼, 50¼, 50, 50, and new at 49½; TELEPHONES old had only one transaction at 40¼. YAUMATI FERRY moved higher to 28½ bid with no sale.

INDUSTRIALS: CEMENTS had sales of the old shares at 31, 31½ and 31, while the new were neglected. Ropes had some small transactions at 20. Dairy Farm was quoted ex rights and came to business on this basis at 53½. WATSON, however, had more activity with sales at 67, 70, 69, 70, 69.

STORES: SINCERES had a sale at 8.30.

COTTONS: EWOS were in constant demand and only one sale was recorded at 13.40.

A. S. WATSON & CO. LTD.

At an extraordinary meeting of the shareholders of the Company on Dec. 31 the increase of the authorized and paid-up capital of the Company will be resolved as follows: Authorized capital from \$1½ million (150,000 shares at \$10 each) to \$6 million (by creating 450,000 new shares of \$10 each); Paid up capital from \$1½ million to \$3 million, by issuing to shareholders, at the ratio one old for one new, 150,000 shares at \$10 each plus a premium of \$10 per share (making a total of \$20 per new share).

Payment of \$20 per every new share is to be made before next April 30, and the new shares will rank for dividend as from next May 1. The 1946 dividend and bonus of the Company amounted to \$2.50, the average price on the market is now around \$70. the yield about 3½% only.

HONGKONG STOCK EXCHANGE TRANSACTIONS

Total sales for the week ended December 19th: \$1,417,901. Turnover for the previous four weeks respectively \$1,765,475; 1,828,384; 1,737,592; 3,436,457.

Following are the highest and lowest rates for the week per share traded and the number of shares sold for the week December 15 to 19:—

Name of Stock	Highest	Lowest	Sales (No. of Shares)
H.K. Bank	2,000	2,000	58
Bank of East Asia	118	118	48
Union Insurance	765	760	90
China Underwriter	6.35	6.35	700
Wharf. Rights	49½	49½	100
Docks	31½	31¼	3,040
Providents	23	22	3,693
Hotels	23	22½	4,700
Lands, old	78¼	78¼	1,160
Lands, new	77	77	100
Humphrey	28¼	28	2,907
Tramway	23	22½	2,700
Electric	51½	50	4,010
China Light, old	20¼	19½	(and 40 Rts.) 4,295
Telephone	40¼	40¼	(and 505 new) 200
Cement	31½	31	1,100
Dairy Farm (x.R.)	53½	53¼	350
Watson	70	67	3,800
Shanghai Dock	17¼	17	2,000
Shanghai Land	5.30	5	3,000
Ewo Cotton	13.40	13.40	775
Sincere	8.30	8.30	500
H.K. Govt. Loan 3½%	101	101	\$10,000

HONG KONG TRADE RETURNS FOR NOVEMBER 1947

(By A Trade Analyst)

Hongkong's Trade continues on the upgrade. Imports during November amounted to \$167,850,276 compared with \$150,703,667 in October, while exports increased from \$115,019,260 in the previous month to \$123,880,561 in the month of November.

The increase of some \$17 million imports was due mainly to large imports of Mineral, Oils and Textiles and Dyes, but larger quantities of Tobacco, Motor Vehicles and Mineral Ores were imported. Metals, Chemicals and Building Materials all registered a decline.

The increased exports were largely Foodstuffs (\$7½ million) and Piece-goods (\$4 million), but exports of Oils and Fats and Metals fell away.

Imports from Gt. Britain increased by \$4 million as the Home Country sent additional Textiles (\$2 million), Metals (\$1 million) and Dyes \$1¼ million).

Exports to the U.K. however, fell by \$1 million Sundries

Trade with Australia was steady but we imported \$2½ million less foodstuffs and \$1¼ million more textiles.

Imports of Textiles from India fell by no less than \$2 million but compensation was found in additional importation of \$2 million Sundries.

Trade with Malaya continued to boom. Imports increased by \$4 million. There was an \$8 million increase in Oils and Fats. Some \$3 million less Sundries were, however, sent to Malaya.

Malaya also justified its reputation of being Hong Kong's best customer, when exports jumped to that Country by \$6 million. Foodstuffs accounted for \$3 million, Textiles for \$1½ million but increasing quantities of Wearing Apparel, Sundries and Chinese Medicines were sent.

On the other hand the large imports from No. Borneo fell sharply as fewer Fuels and Oils and Foodstuffs were taken by Hong Kong.

Exports to S. Africa continued good and \$2 million additional Sundries were sent to the Union.

That Belgian francs are slowly becoming a scarce currency would appear to be reflected in the imports from Belgium, which dropped \$3 million, mainly Metals and Paper.

Imports from France were down by \$2 million but the strikes in French Shipping Ports have, no doubt, held up consignments for Hong Kong.

Exports to France, on the other hand, increased by \$2 million, mainly Oils and Fats.

Trade with Europe generally seems to be on the upgrade. Increasing quantities of goods were sent from Hol-

land, Italy, Norway, Switzerland and Central European Countries.

Exports to Italy were up by \$1¼ million, mainly Mineral Ores, Oils and Fats.

Trade with China continues on the down-grade.

THE TRADE OF HONGKONG FOR NOVEMBER AND FOR THE FIRST ELEVEN MONTHS OF 1947

Imports of merchandise into the Colony of Hongkong during the month of November, 1947 amounted to a declared value of \$167,850,276 as compared with \$80,917,749 in the month of November, 1946 The figures include Government sponsored cargoes.

Exports of merchandise totalled a declared value of \$123,880,561 as compared with \$83,116,024.

Imports during the first eleven months of 1947 amounted to a declared value of \$1,372,996,042 as compared with \$820,039,073 in the first eleven months of 1946.

Exports totalled \$1,091,754,040 as compared with \$693,199,392.

TOTAL VALUES OF IMPORTS & EXPORTS OF MERCHANDISE FOR THE MONTH OF NOVEMBER

Countries	Imports from		Exports to	
	1946	1947	1946	1947
	\$	\$	\$	\$
United Kingdom	3,576,538	21,466,279	837,594	2,178,411
Australia	5,203,745	6,061,792	348,966	953,425
Burma	—	913,032	580,135	649,766
Canada	1,074,117	1,698,823	160,200	583,841
Ceylon	—	37,230	1,505,634	1,080,200
East Africa	308,308	269,574	—	293,986
India	1,454,058	3,703,458	3,154,793	1,714,640
Malaya (British)	5,753,501	13,114,862	8,987,773	17,302,313
New Zealand	61,061	93,774	38,182	319,016
North Borneo	623,944	146,794	549,270	545,421
South Africa	157,675	802,532	35,413	7,481,056
West Africa	—	—	17,639	278,205
West Indies	—	—	5,402	85,137
Br. Empire, Other	87,868	7,009,918	192,937	2,655,349
Belgium	2,137,154	4,672,695	213,536	1,426,447
China, North	6,188,524	6,748,882	9,180,830	8,205,396
" Middle	2,764,233	1,932,817	9,011,803	3,703,847
" South	20,899,066	20,967,946	19,266,634	4,020,043
Cuba	—	68,888	32,708	51,821
Central America	—	24,000	6,413	145,253
Denmark	173,488	256,850	82,718	1,444
Egypt	—	1,608,532	482,820	262,008
France	992,435	1,887,583	280,540	3,900,506
French Indo China	3,896,703	1,537,134	1,474,169	1,258,062
Germany	—	—	—	—
Holland	565,232	1,315,132	179,837	3,319,709
Italy	1,738,484	1,046,761	105,718	1,765,141
Japan	—	8,792,638	185,000	4,699,688
Kwong Chow Wan	569,553	277,219	706,934	90,986
Macao	6,556,473	12,690,016	3,112,606	9,122,078
Norway	759,200	2,471,339	111,439	83,588
Neth. East Indies	1,260,557	5,187,118	553,433	13,872,315
Philippines	1,724,901	773,781	3,560,997	7,367,510
Portugal	28,470	60,030	30,820	—
Siam	2,362,455	6,596,617	3,563,967	6,871,816
South America	—	79,155	2,400	351,225
Sweden	446,778	1,282,927	130,620	120,032
Switzerland	1,328,248	2,202,091	5,114	50,542
Spain	40,204	2,200	—	—
U.S.A.	7,632,028	19,669,727	11,822,427	13,172,319
U.S.S.R.	—	1,152,276	—	22,399
Others	552,748	6,228,854	2,598,613	3,875,620
Total	80,917,749	167,850,276	83,116,024	123,880,561
Total Br. Empire	18,300,815	58,318,068	16,413,928	36,120,766
Total Foreign	62,616,934	109,532,208	66,702,096	87,759,795

Exports to Macao, however, in common with S. China, fell as less Food and Oil was purchased by the Portuguese Colony from Hong Kong.

Imports from Japan on the other hand were up by \$4½ million, almost the whole of which was Cotton Yarn.

Exports to Japan jumped by \$1 million, mainly Foodstuffs.

The Philippines are becoming an important customer of Hong Kong. Exports to the Commonwealth increased by \$1 million, mainly Foodstuffs.

Trade with Siam also suffered a setback. Imports were down by \$2 million, mainly Oils and Fats, while exports also declined by \$2 million, mainly Textiles.

The demand for U.S.A. commodities is falling away. Imports from U.S.A. were down by \$4 million as the demand for Chemicals, Dyes, Foodstuffs and Sundries dropped, while exports to U.S.A. declined by no less than \$8½ million, mainly Metals (\$3 million), Oils and Fats (\$4 million), Nuts and Seeds (\$1½ million). So long as China maintains her fictitious official rates of exchange in relation to the American Dollar, no increase in American purchases of Chinese produce from Hong Kong can be expected.

The U.S.S.R. appears to be developing as a supplier of Frel to Hong Kong.

Exports to Korea jumped by \$1½ million with sizeable quantities of Textiles were being sent to the Northern Country.

Exports from N. China dropped by \$2 million. While there was some increase in the quantity of Chinese Medicines sent to Hong Kong, Piecegoods and Textiles fell by \$4 million. N. China did, indeed take an additional \$1 million of goods from Hong Kong, mainly Chemicals, Dyes and Textiles.

Middle China took additional quantities of Manures, Metals and Oils from Hong Kong, but Trade generally is stagnant.

In S. China the picture grows worse. Imports were down by \$3 million, mainly Metals, Piecegoods and Foodstuffs, while exports to S. China dropped a further \$4 million as less Oils and Fats, Building Materials and Chinese Medicines were sent to our neighbour.

It is a sad commentary on the trade with China but while there has been a general increase throughout the year in Hong Kong's trade with the remainder of the world imports from S. China are no more than 65% and exports as low as 25% of the trade which was being done in April this year.

Imports from Macao increased by \$½ million, of which Foodstuffs accounted for \$2 million, Oils and Fats for the remainder.

TOTAL VALUES OF IMPORTS & EXPORTS OF MERCHANDISE FOR THE MONTHS OF NOVEMBER

Articles	Imports		Exports	
	1946 \$	1947 \$	1946 \$	1947 \$
Animals, Live	2,962,240	2,499,388	—	—
Building Materials .. .	1,819,346	2,785,961	174,507	671,105
Chemicals & Drugs .. .	2,500,692	4,752,591	2,183,399	2,079,193
Chinese Medicines .. .	2,949,176	2,908,001	3,985,667	2,899,895
Dyeing & Tanning .. .	—	—	—	—
Materials	1,122,150	5,497,593	1,453,935	1,759,280
Foodstuffs & Provisions ..	15,364,103	23,675,821	14,326,110	18,948,291
Fuels	861,001	3,351,659	212,476	69,020
Hardware	380,665	1,180,782	1,308,827	1,163,194
Liquors, Intoxicating .. .	1,267,125	849,745	860,641	284,347
Machinery & Engines .. .	149,613	1,762,542	367,567	210,249
Manures	24,590	443,186	419,710	828,961
Metals	5,442,798	8,429,282	6,858,744	8,978,373
Minerals & Ores	75,156	2,767,798	—	1,007,765
Nuts & Seeds	1,386,092	2,159,592	1,059,152	1,208,154
Oils & Fats	11,665,320	37,756,652	22,278,479	20,308,866
Paints	205,685	1,040,064	657,782	927,156
Paper & Paperware .. .	4,848,372	7,663,149	3,783,151	2,552,007
Piece Goods & Textiles .. .	7,757,650	24,322,284	3,769,173	24,263,283
Railway Materials .. .	—	199,288	—	—
Tobacco	1,836,525	3,656,550	700,750	1,326,716
Vehicles	1,620,524	3,360,464	743,196	896,087
Wearing Apparel .. .	1,121,303	1,467,671	996,864	5,209,649
Sundries	15,557,629	25,320,213	16,975,894	28,288,965
Total Merchandise .. .	80,917,749	167,850,276	83,116,024	123,860,561
Treasure	4,812,100	—	20,658,377	2,035,631
Grand Total	85,729,849	167,850,276	103,774,401	125,916,192

TOTAL VALUES OF IMPORTS & EXPORTS BY MAIN GROUPS BY COUNTRIES FOR THE PERIOD JANUARY TO NOVEMBER

Articles	Imports		Exports	
	1946 \$	1947 \$	1946 \$	1947 \$
Animals, Live	28,938,430	26,300,916	—	481
Building Materials .. .	18,673,534	25,678,393	3,180,300	6,234,390
Chemicals & Drugs .. .	25,784,618	55,171,228	21,236,208	30,848,370
Chinese Medicines .. .	61,089,445	24,722,048	56,901,136	33,084,805
Dyeing & Tanning .. .	—	—	—	—
Materials	10,290,131	56,450,961	7,896,663	22,120,225
Foodstuffs & Provisions ..	190,217,775	214,607,312	104,209,121	137,467,220
Fuels	10,532,558	29,965,763	528,170	565,061
Hardware	4,411,152	9,778,655	7,498,598	11,411,937
Liquors, Intoxicating .. .	10,364,197	10,147,614	5,805,030	4,722,853
Machinery & Engines .. .	5,822,795	12,126,372	1,334,643	1,916,478
Manures	1,234,623	2,433,361	3,899,416	8,657,276
Metals	35,026,634	93,305,398	35,752,934	67,522,637
Minerals & Ores	1,121,870	7,531,895	1,598,362	7,259,177
Nuts & Seeds	19,122,131	22,374,720	10,628,110	13,064,160
Oils & Fats	99,024,519	204,983,493	123,557,765	243,555,984
Paints	3,385,954	9,168,450	3,748,738	8,177,672
Paper & Paperware .. .	31,761,052	61,964,909	28,809,180	36,233,540
Piece Goods & Textiles .. .	81,347,827	191,547,144	121,430,341	175,957,164
Railway Materials .. .	5,521	1,829,579	16,926	601,516
Tobacco	20,981,361	37,201,445	5,223,593	11,731,136
Vehicles	12,857,817	29,304,853	1,831,681	8,047,681
Wearing Apparel .. .	9,388,239	13,370,184	17,285,967	41,141,157
Sundries	138,656,890	233,031,349	130,826,510	221,433,120
Total Merchandise .. .	820,039,073	1,372,996,042	693,199,392	1,091,754,040
Treasure	14,557,653	49,773,890	36,567,070	96,706,154
Grand Total	834,596,731	1,422,769,932	729,766,462	1,188,460,194

HONGKONG'S TRADING PARTNERS IN NOVEMBER 1947

TOTAL VALUES OF IMPORTS & EXPORTS UNDER MAIN GROUPS:—BY COUNTRIES

UNITED KINGDOM								
Articles	Imports	Exports						
	\$	\$						
Building Materials	107,117	—	Paints	270,169	—	Chinese Medicines	—	9,088
Chemicals & Drugs	1,404,848	18,266	Paper & Paper-ware	497,019	—	Dyeing & Tanning Materials	438,388	—
Chinese Medicines	—	11,000	Piece Goods & Textiles	6,677,807	—	Foodstuffs & Provisions	1,884,917	33,008
Dyeing & Tanning Materials	1,765,253	—	Tobacco	2,739,654	—	Hardware	8,808	2,910
Foodstuffs & Provisions	726,172	359,152	Vehicles	1,440,539	—	Liquors, Intoxicating	35,054	3,788
Hardware	630,579	—	Wearing Apparel	240,418	—	Machinery & Engines	122,863	—
Liquors, Intoxicating	137,131	—	Sundries	2,112,329	594,384	Metals	68,107	8,800
Machinery & Engines	602,660	—	Total	21,466,279	2,178,411	Minerals & Ores	5,966	15,000
Manures	27,177	—	AUSTRALIA			Nuts & Seeds	—	421
Metals	2,047,382	—	Articles	Imports	Exports	Oils & Fats	42,110	409,043
Oils & Fats	40,031	1,195,609		\$	\$	Paints	52,620	—
			Building Materials	36,899	—	Paper & Paper-ware	6,800	66
			Chemicals & Drugs	279,108	—	Piece Goods & Textiles	2,069,551	86,443
						Vehicles	20,810	6,722
						Wearing Apparel	306,309	25,088
						Sundries	683,482	353,048
						Total	6,061,792	953,425

TOTAL VALUES OF IMPORTS & EXPORTS BY MAIN GROUPS
BY COUNTRIES
FOR THE PERIOD JANUARY TO NOVEMBER

Countries	Imports from		Exports to				
	1946	1947	1946	1947			
	\$	\$	\$	\$			
United Kingdom	34,371,100	152,069,878	15,027,482	33,627,629			
Australia	33,840,754	49,694,067	3,648,705	8,490,827			
Burma	—	17,130,273	1,539,580	6,951,454			
Canada	10,330,594	17,582,373	758,406	2,740,888			
Ceylon	235,927	1,410,164	2,504,328	5,734,546			
East Africa	765,900	1,457,438	62,780	1,332,699			
India	43,411,342	43,755,130	20,151,544	22,701,397			
Malaya (British)	65,217,079	96,875,097	151,690,105	193,954,401			
New Zealand	169,247	361,311	199,711	2,147,696			
North Borneo	2,651,597	6,050,915	1,800,892	6,170,241			
South Africa	388,611	8,981,396	838,485	25,166,611			
West Africa	—	—	67,370	1,838,528			
West Indies	700	6,868	143,064	428,418			
Br. Empire, Other	19,811,061	15,760,868	895,490	10,065,359			
Belgium	8,762,597	46,803,009	1,196,538	12,021,780			
China, North	33,166,162	48,061,683	98,915,542	49,477,394			
„ Middle	41,568,927	29,413,464	45,396,963	41,496,134			
„ South	163,580,594	258,849,555	131,937,306	155,226,595			
Cuba	—	81,368	112,965	1,034,300			
Central America	77,208	373,957	113,943	995,185			
Denmark	1,321,558	906,297	2,558,398	931,697			
Egypt	313,309	4,762,149	1,979,988	5,670,072			
France	2,044,767	15,504,076	2,396,445	21,351,459			
French Indo China	57,809,685	17,784,805	30,966,338	16,234,569			
Germany	—	—	—	958,625			
Holland	675,769	10,458,266	1,748,146	23,454,991			
Italy	4,632,270	10,738,870	367,132	14,108,658			
Japan	—	33,288,626	186,434	12,186,523			
Kwong Chow Wan	4,945,070	5,655,073	2,701,898	1,704,769			
Macao	69,857,375	72,665,793	29,421,687	62,937,375			
Norway	7,263,545	17,934,641	1,582,065	2,463,121			
Netherlands East Indies	4,456,007	15,544,308	3,670,381	44,332,201			
Philippines	14,316,363	13,955,528	13,047,810	52,137,213			
Portugal	522,288	933,622	40,668	99,776			
Siam	26,217,753	54,118,205	43,465,748	79,280,667			
South America	86,674	1,202,127	214,909	1,950,366			
Sweden	1,442,881	8,448,283	2,857,973	5,871,277			
Switzerland	4,058,290	14,846,016	5,114	281,473			
Spain	119,182	175,126	—	1,214,654			
U.S.A.	109,965,959	258,269,640	71,263,141	135,160,288			
U.S.S.R.	—	3,474,823	4,855,644	4,846,403			
Others	1,640,864	19,610,954	2,868,294	22,975,781			
Total	820,039,073	1,372,996,042	693,199,392	1,091,754,040			
Total Br. Empire	211,193,912	411,135,778	199,327,922	321,350,694			
Total Foreign	608,845,161	961,860,264	403,871,470	770,403,346			

BURMA					
Articles	Imports	Exports			
	\$	\$			
Chemicals & Drugs	—	5,066			
Chinese Medicines	2,100	500			
Dyeing & Tanning Materials	32,044	—			
Foodstuffs & Provisions	874,966	16,788			
Hardware	—	600			
Metals	—	64,000			
Oils & Fats	—	1,500			
Paints	—	56,988			
Paper & Paper-ware	—	58,866			
Piece Goods & Textiles	—	140,700			
Wearing Apparel	—	101,232			
Sundries	3,922	208,526			
Total	913,032	649,766			

CANADA					
Articles	Imports	Exports			
	\$	\$			
Building Materials	23,532	—			
Chemicals & Drugs	59,376	—			
Chinese Medicines	18,633	75,777			
Foodstuffs & Provisions	491,034	325,776			
Hardware	14,288	1,609			
Liquors, Intoxicating	9,000	2,144			
Machinery & Engines	226,252	—			
Metals	368,198	—			
Nuts & Seeds	—	5,631			
Oils & Fats	—	44			
Paper & Paper-ware	—	488			
Piece Goods & Textiles	94,700	—			
Tobacco	—	3,455			
Vehicles	139,977	—			
Wearing Apparel	5,000	3,477			
Sundries	248,783	165,440			
Total	1,698,823	583,841			

CEYLON

Articles	Imports \$	Exports \$
Chemical & Drugs	—	4,655
Chinese Medicines	—	1,765
Foodstuffs & Provisions	21,288	387,407
Hardware	—	85,365
Piece Goods & Textiles	—	100,987
Wearing Apparel	—	60,353
Sundries	15,942	439,668
Total	37,230	1,080,200

EAST AFRICA

Articles	Imports \$	Exports \$
Chemicals & Drugs	2,811	—
Chinese Medicines	83,299	—
Foodstuffs & Provisions	68,198	1,609
Hardware	—	1,677
Piece Goods & Textiles	—	161,566
Wearing Apparel	—	46,654
Sundries	115,266	82,480
Total	269,574	293,986

INDIA

Articles	Imports \$	Exports \$
Chemicals & Drugs	11,044	—
Chinese Medicines	—	232,110
Foodstuffs & Provisions	522	18,585
Hardware	—	2,755
Metals	—	128,010
Oils & Fats	59,400	3,254
Piece Goods & Textiles	816,610	201,677
Tobacco	55,488	—
Vehicles	—	18,000
Wearing Apparel	31,066	1,100
Sundries	2,729,328	1,109,149
Total	3,703,458	1,714,640

MALAYA (BRITISH)

Articles	Imports \$	Exports \$
Building Materials	84,432	—
Chemicals & Drugs	131,364	175,595
Chinese Medicines	7,111	957,243
Dyeing & Tanning Materials	127,543	966
Foodstuffs & Provisions	967,925	5,081,822
Fuels	175,499	12,722
Hardware	19,187	191,020
Liquors, Intoxicating	29,300	114,911
Machinery & Engines	1,254	23,110
Manures	24,844	39,200
Metals	299,149	13,597
Nuts & Seeds	616,366	98,665
Oils & Fats	8,413,185	128,086
Paints	25,000	289,909
Paper & Paperware	159,344	255,409
Piece Goods & Textiles	1,119,273	4,973,002

Tobacco	—	35,577
Vehicles	101,255	16,766
Wearing Apparel	—	1,424,061
Sundries	3,812,831	3,470,652
Total	16,114,862	17,302,313

NEW ZEALAND

Articles	Imports \$	Exports \$
Chinese Medicines	—	1,077
Dyeing & Tanning Materials	33,599	—
Foodstuffs & Provisions	45,831	17,029
Liquors, Intoxicating	—	6,122
Metals	—	17,644
Oils & Fats	—	35,788
Piece Goods & Textiles	—	54,077
Wearing Apparel	14,000	19,899
Sundries	344	167,380
Total	93,774	319,016

NORTH BORNEO

Articles	Imports \$	Exports \$
Building Materials	—	21,109
Chemicals & Drugs	—	254
Chinese Medicines	—	9,555
Dyeing & Tanning Materials	—	88
Foodstuffs & Provisions	55,476	79,759
Fuels	39,233	144
Hardware	—	11,828
Liquors, Intoxicating	—	27,010
Machinery & Engines	—	355
Metals	—	3,029
Nuts & Seeds	10,266	6,543
Oils & Fats	—	2,452
Paper & Paperware	—	6,087
Piece Goods & Textiles	—	112,672
Tobacco	—	148,555
Wearing Apparel	—	29,098
Sundries	41,819	86,883
Total	146,794	545,421

SOUTH AFRICA

Articles	Imports \$	Exports \$
Chinese Medicines	—	1,633
Dyeing & Tanning Materials	36,188	—
Foodstuffs & Provisions	—	18,302
Fuels	311,944	—
Hardware	—	2,076
Liquors, Intoxicating	—	788
Nuts & Seeds	—	588
Oils & Fats	—	59,676
Piece Goods & Textiles	—	3,766
Wearing Apparel	—	62,598
Sundries	454,400	7,331,629
Total	802,582	7,481,056

WEST AFRICA

Articles	Imports \$	Exports \$
Piece Goods & Textiles	—	19,044
Wearing Apparel	—	230,154
Sundries	—	29,007
Total	—	278,205

WEST INDIES

Articles	Imports \$	Exports \$
Chinese Medicines	—	7,177
Foodstuffs & Provisions	—	43,024
Liquors, Intoxicating	—	1,099
Nuts & Seeds	—	310
Wearing Apparel	—	25,855
Sundries	—	7,672
Total	—	85,137

BRITISH EMPIRE, OTHER

Articles	Imports \$	Exports \$
Building Materials	—	10,144
Chinese Medicines	—	13,899
Foodstuffs & Provisions	665,254	1,507,252
Hardware	—	19,621
Liquors, Intoxicating	—	1,200
Metals	—	16,000
Nuts & Seeds	2,177	953
Oils & Fats	6,342,487	65,221
Paper & Paperware	—	255
Piece Goods & Textiles	—	341,801
Wearing Apparel	—	122,107
Sundries	—	556,896
Total	7,009,918	2,655,349

BELGIUM

Articles	Imports \$	Exports \$
Building Materials	631,586	—
Chemicals & Drugs	124,054	—
Chinese Medicines	—	7,921
Dyeing & Tanning Materials	44,577	—
Foodstuffs & Provisions	18,466	1,499
Machinery & Engines	11,200	—
Manures	356,599	—
Metals	2,102,034	32,721
Oils & Fats	24,055	1,008,010
Paints	361,643	—
Paper & Paperware	395,421	—
Piece Goods & Textiles	571,739	—
Sundries	31,321	376,296
Total	4,672,695	1,426,447

CHINA, NORTH

Articles	Imports	Exports
	\$	\$
Building Materials	1,800	10,466
Chemicals & Drugs	79,200	428,551
Chinese Medicines	1,383,787	31,443
Dyeing & Tanning Materials	54,000	659,485
Foodstuffs & Provisions	1,763,568	84,198
Fuels	—	52,500
Hardware	88,787	—
Liquors, Intoxicating	46,044	1,776
Machinery & Engines	2,187	8,966
Metals	12,520	460,294
Nuts & Seeds	259,154	38,166
Oils & Fats	377,777	3,523,151
Paints	37,699	98,186
Paper & Paperware	44,400	68,998
Piece Goods & Textiles	2,131,641	1,644,744
Tobacco	—	1,166
Vehicles	10,999	107,043
Wearing Apparel	71,420	152,000
Sundries	383,899	834,263
Total	6,748,882	8,205,396

CHINA, MIDDLE

Articles	Imports	Exports
	\$	\$
Animals, Live	157,700	—
Building Materials	199	118,887
Chemicals & Drugs	588	218,438
Chinese Medicines	7,844	87,498
Dyeing & Tanning Materials	—	140,464
Foodstuffs & Provisions	1,060,068	211,628
Fuels	13,200	—
Hardware	2,966	2,653
Liquors, Intoxicating	—	766
Machinery & Engines	—	1,699
Manures	—	471,277
Metals	1,100	563,713
Nuts & Seeds	16,000	65,988
Oils & Fats	—	1,115,072
Paints	—	57,875
Paper & Paperware	7,332	103,652
Piece Goods & Textiles	122,632	187,752
Vehicles	—	62,242
Sundries	543,188	294,243
Total	1,932,817	3,703,847

CHINA, SOUTH

Articles	Imports	Exports
	\$	\$
Animals, Live	1,961,500	—
Building Materials	484,762	48,576
Chemicals & Drugs	5,410	168,371
Chinese Medicines	499,398	161,332
Dyeing & Tanning Materials	100,309	99,098
Foodstuffs & Provisions	4,356,795	26,742
Fuels	637,998	—
Hardware	11,987	3,998
Liquors, Intoxicating	900	—

Machinery & En-

gines	6,200	8,755
Manures	—	49,287
Metals	1,129,988	561,764
Minerals & Ores	2,340,199	—
Nuts & Seeds	171,804	4,344
Oils & Fats	6,024,306	1,940,171
Paints	—	8,809
Paper & Paperware	131,754	81,008
Piece Goods & Textiles	887,462	15,621
Tobacco	—	199
Vehicles	—	214,364
Wearing Apparel	2,810	149,855
Sundries	2,214,364	477,749
Total	20,967,946	4,020,043

CUBA

Articles	Imports	Exports
	\$	\$
Chinese Medicines	—	500
Foodstuffs & Provisions	68,888	12,427
Hardware	—	277
Liquors, Intoxicating	—	2,788
Nuts & Seeds	—	133
Sundries	—	35,696
Total	68,888	51,821

CENTRAL AMERICA

Articles	Imports	Exports
	\$	\$
Chinese Medicines	—	13,087
Foodstuffs & Provisions	24,000	54,606
Hardware	—	466
Liquors, Intoxicating	—	299
Nuts & Seeds	—	1,054
Oils & Fats	—	355
Paper & Paperware	—	622
Piece Goods & Textiles	—	5,610
Wearing Apparel	—	2,210
Sundries	—	66,944
Total	24,000	145,253

DENMARK

Articles	Imports	Exports
	\$	\$
Foodstuffs & Provisions	2,565	1,144
Liquors, Intoxicating	181,055	—
Machinery & Engines	355	—
Metals	71,688	—
Sundries	1,187	300
Total	256,850	1,444

EGYPT

Articles	Imports	Exports
	\$	\$
Chinese Medicines	—	11,300
Foodstuffs & Provisions	1,599,166	—
Nuts & Seeds	9,366	—
Oils & Fats	—	103,300

Piece Goods & Tex-

tiles	—	87,755
Sundries	—	59,653
Total	1,608,532	262,008

FRANCE

Articles	Imports	Exports
	\$	\$
Building Materials	399,976	—
Chemicals & Drugs	87,298	55,500
Chinese Medicines	—	16,200
Dyeing & Tanning Materials	131,577	—
Foodstuffs & Provisions	12,000	1,200
Liquors, Intoxicating	83,043	—
Metals	20,710	—
Minerals & Ores	—	81,311
Nuts & Seeds	—	13,177
Oils & Fats	499	3,332,876
Paints	5,888	—
Paper & Paperware	559,843	—
Piece Goods & Textiles	235,375	330,399
Wearing Apparel	5,876	—
Sundries	345,498	69,843
Total	1,887,583	3,900,506

FRENCH INDO CHINA

Articles	Imports	Exports
	\$	\$
Building Materials	1,300	5,988
Chemicals & Drugs	4,577	400
Chinese Medicines	187,377	175,877
Dyeing & Tanning Materials	—	2,733
Foodstuffs & Provisions	375,686	582,914
Fuels	424,500	—
Hardware	—	366
Liquors, Intoxicating	299	1,666
Machinery & Engines	—	70,233
Metals	—	105,266
Nuts & Seeds	15,999	16,954
Oils & Fats	—	13,788
Paints	—	37,166
Paper & Paperware	—	16,910
Piece Goods & Textiles	64,466	—
Tobacco	—	5,600
Vehicles	—	82,766
Wearing Apparel	—	44
Sundries	462,930	135,391
Total	1,537,134	1,258,062

ITALY

Articles	Imports	Exports
	\$	\$
Building Materials	3,711	—
Hardware	111	—
Liquors, Intoxicating	31,200	—
Metals	71,700	—
Minerals & Ores	12,433	478,500
Oils & Fats	—	782,987
Piece Goods & Textiles	469,897	—
Wearing Apparel	199,322	—
Sundries	258,387	503,654
Total	1,046,761	1,765,141

HOLLAND

Articles	Imports \$	Exports \$
Chemicals & Drugs	14,443	—
Foodstuffs & Provisions	735,476	11,617
Hardware	24,800	—
Liquors, Intoxicating	188	—
Machinery & Engines	299	—
Manures	—	3,333
Metals	94,200	—
Oils & Fats	5,344	2,583,410
Paints	8,533	—
Paper & Paperware	157,565	—
Piece Goods & Textiles	116,855	—
Sundries	157,429	721,349
Total	1,315,132	3,319,709

JAPAN

Articles	Imports \$	Exports \$
Building Materials	245,844	—
Dyeing & Tanning Materials	—	207,299
Foodstuffs & Provisions	84,877	2,431,743
Fuels	691,644	—
Hardware	9,955	4,766
Liquors, Intoxicating	—	15,709
Machinery & Engines	—	1,655
Oils & Fats	—	1,450,544
Paints	29,711	—
Paper & Paperware	13,477	—
Piece Goods & Textiles	7,572,865	—
Tobacco	—	566
Vehicles	—	10,855
Sundries	144,265	576,551
Total	8,792,638	4,699,688

KWONG CHOW WAN

Articles	Imports \$	Exports \$
Animals, Live	150,500	—
Chemicals & Drugs	—	133
Foodstuffs & Provisions	38,164	—
Oils & Fats	1,300	81,965
Piece Goods & Textiles	—	5,400
Wearing Apparel	—	3,488
Sundries	87,255	—
Total	277,219	90,986

MACAO

Articles	Imports \$	Exports \$
Animals, Live	229,688	—
Building Materials	7,554	232,494
Chemicals & Drugs	22,775	248,821
Chinese Medicines	372,410	17,199
Dyeing & Tanning Materials	78,375	249,808
Foodstuffs & Provisions	4,356,751	1,220,518

Fuels	213,587	2,999
Hardware	3,120	37,950
Liquors, Intoxicating	188,510	76,307
Machinery & Engines	—	61,321
Manures	—	199,965
Metals	58,019	877,587
Minerals & Ores	205,200	—
Nuts & Seeds	196,042	28,273
Oils & Fats	4,445,226	816,789
Paints	1,509	35,930
Paper & Paperware	462,698	1,144,923
Piece Goods & Textiles	163,297	1,553,932
Tobacco	31,199	1,102,788
Vehicles	633	210,532
Wearing Apparel	9,700	51,761
Sundries	1,643,723	952,181
Total Merchandise	12,690,016	9,122,078
Treasure	—	130,000
Grand Total	12,690,016	9,252,078

NORWAY

Articles	Imports \$	Exports \$
Chemicals & Drugs	6,755	—
Foodstuffs & Provisions	13,544	—
Hardware	3,000	—
Paper & Paperware	2,441,997	—
Sundries	6,043	83,588
Total	2,471,339	83,588

NETHERLANDS EAST INDIES

Articles	Imports \$	Exports \$
Building Materials	—	13,499
Chemicals & Drugs	40,255	323,384
Chinese Medicines	1,100	92,232
Dyeing & Tanning Materials	67,276	7,099
Foodstuffs & Provisions	173,772	602,895
Hardware	—	48,662
Liquors, Intoxicating	—	1,400
Machinery & Engines	—	800
Manures	33,666	—
Metals	185,431	13,165
Nuts & Seeds	2,777	1,499
Oils & Fats	3,756,419	62,777
Paints	—	20,687
Paper & Paperware	—	274,197
Piece Goods & Textiles	—	10,760,578
Tobacco	—	27,788
Vehicles	—	11,477
Wearing Apparel	—	691,718
Sundries	926,508	918,458
Total	5,187,118	13,872,315

PHILIPPINES

Articles	Imports \$	Exports \$
Building Materials	—	19,587
Chemicals & Drugs	—	66
Chinese Medicines	—	63,732

Dyeing & Tanning Materials	13,000	488
Foodstuffs & Provisions	24,100	3,350,685
Fuels	—	655
Hardware	311	439,252
Liquors, Intoxicating	—	6,766
Metals	303,399	479,475
Nuts & Seeds	—	158,340
Oils & Fats	—	18,409
Paints	—	99,154
Paper & Paperware	—	141,908
Piece Goods & Textiles	84,843	383,743
Tobacco	42,266	—
Vehicles	—	2,133
Wearing Apparel	19,033	535,164
Sundries	286,829	1,667,953
Total Merchandise	773,781	7,367,510
Treasure	—	590,632
Total	773,781	7,958,142

PORTUGAL

Articles	Imports \$	Exports \$
Chemicals & Drugs	24,888	—
Foodstuffs & Provisions	977	—
Liquors, Intoxicating	20,499	—
Sundries	13,666	—
Total	60,030	—

SIAM

Articles	Imports \$	Exports \$
Building Materials	561,032	43,900
Chemicals & Drugs	—	176,184
Chinese Medicines	46,765	258,666
Dyeing & Tanning Materials	—	291,076
Foodstuffs & Provisions	885,407	918,080
Fuels	43,166	—
Hardware	—	233,729
Liquors, Intoxicating	—	2,932
Machinery & Engines	—	33,355
Manures	—	33,844
Metals	—	599,832
Nuts & Seeds	838,876	28,687
Oils & Fats	2,317,676	84,653
Paints	—	148,398
Paper & Paperware	—	382,186
Liquors, Intoxicating	—	1,325,956
Railway Materials	199,288	—
Vehicles	—	116,932
Wearing Apparel	—	1,431,105
Sundries	1,703,407	762,301
Total	6,595,617	6,871,816

SOUTH AMERICA

Articles	Imports \$	Exports \$
Chemicals & Drugs	79,155	—
Foodstuffs & Provisions	—	64,288
Metals	—	80,644

Piece Goods & Textiles	—	36,510
Sundries	—	169,783
Total	79,155	351,225

SWEDEN

Articles	Imports \$	Exports \$
Building Materials	4,188	—
Hardware	51,888	—
Machinery & Engines	8,966	—
Minerals & Ores	—	108,588
Oils & Fats	—	11,444
Paper & Paperware	1,092,364	—
Vehicles	80,000	—
Sundries	45,521	—
Total	1,282,927	120,032

SWITZERLAND

Articles	Imports \$	Exports \$
Chemicals & Drugs	315,364	—
Dyeing & Tanning Material	934,921	—
Foodstuffs & Provisions	1,466	—
Oils & Fats	19,344	28,088
Piece Goods & Textiles	7,655	—
Sundries	923,341	22,454
Total	2,202,091	50,542

SPAIN

Articles	Imports \$	Exports \$
Liquors, Intoxicating	2,200	—
Total	2,200	—

U. S. A.

Articles	Imports \$	Exports \$
Building Materials	173,274	1,011
Chemicals & Drugs	2,059,278	—
Chinese Medicines	298,177	572,542
Dyeing & Tanning Materials	1,627,043	20,243
Foodstuffs & Provisions	1,772,418	1,464,687
Hardware	310,995	65,996
Liquors, Intoxicating	85,322	15,355
Machinery & Engines	780,306	—
Manures	966	32,055
Metals	1,281,837	4,950,032
Minerals & Ores	—	324,366
Nuts & Seeds	20,765	607,262
Oils & Fats	1,189,651	1,222,017
Paints	247,298	—
Paper & Paperware	1,173,552	16,432
Piece Goods & Textiles	934,639	152,455
Tobacco	787,943	1,022
Vehicles	1,566,251	—
Wearing Apparel	556,784	22,587

Sundries	4,853,228	3,704,257
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Total Merchandise	19,669,727	13,172,319
Treasure	—	1,314,999
Grand Total	19,669,727	14,487,313

U. S. S. R.

Articles	Imports \$	Exports \$
Chinese Medicines	—	18,999
Foodstuffs & Provisions	351,388	—
Fuels	800,888	—
Nuts & Seeds	—	3,400
Total	1,152,276	23,399

AUSTRIA

Articles	Imports \$	Exports \$
Paper & Paperware	42,532	—
Sundries	—	114,299
Total	42,532	114,299

CZECHOSLOVAKIA

Articles	Imports \$	Exports \$
Metals	62,021	—
Paper & Paperware	63,787	—
Piece Goods & Textiles	77,977	—
Wearing Apparel	4,811	—
Sundries	900	—
Total	209,496	—

FINLAND

Articles	Imports \$	Exports \$
Building Materials	18,755	—
Paper & Paperware	413,264	—
Total	432,019	—

IRAN

Articles	Imports \$	Exports \$
Foodstuffs & Provisions	—	8,533
Nuts & Seeds	—	25,822
Oils & Fats	3,090,265	—
Piece Goods & Textiles	—	214,477
Sundries	—	145,576
Total	3,090,265	394,408

IRAQ

Articles	Imports \$	Exports \$
Piece Goods & Textiles	—	571,864
Wearing Apparel	—	2,377
Sundries	—	69,999
Total	—	644,240

PORTUGUESE EAST AFRICA

Articles	Imports \$	Exports \$
Foodstuffs & Provisions	57,266	—
Hardware	—	36,552
Wearing Apparel	—	11,531
Sundries	—	65,751
Total	57,266	113,834

SYRIA

Articles	Imports \$	Exports \$
Hardware	—	66
Nuts & Seeds	—	102,944
Oils & Fats	—	63,277
Piece Goods & Textiles	—	32,255
Sundries	—	110,996
Total	—	309,538

TURKEY

Articles	Imports \$	Exports \$
Sundries	—	69,953
Total	—	69,953

KOREA

Articles	Imports \$	Exports \$
Building Materials	—	145,444
Chemicals & Drugs	—	255,509
Chinese Medicines	—	44,000
Dyeing & Tanning Materials	13,500	80,433
Foodstuffs & Provisions	147,400	6,000
Hardware	—	322
Liquors, Intoxicating	—	555
Minerals & Ores	204,000	—
Oils & Fats	—	75,355
Paints	—	74,054
Piece Goods & Textiles	103,000	582,094
Vehicles	—	36,255
Sundries	60,000	627,630
Total	527,900	1,927,651

ALL OTHER COUNTRIES

Articles	Imports \$	Exports \$
Chinese Medicines	—	6,543
Foodstuffs & Provisions	—	3,374
Hardware	—	165
Liquors, Intoxicating	—	966
Metals	251,799	—
Oils & Fats	1,607,577	84,755
Wearing Apparel	—	4,133
Sundries	10,000	35,885
Total	1,869,376	135,821

COMMERCIAL MARKETS

PRODUCTION OF BRISTLES IN CHINA

Introduction.

Bristle is one of the leading export produces from China. Its market does not show any drop notwithstanding the new development of Nylon. It possesses the speciality of gradual sharpness and proper elasticity.

Different places in China produce bristle in different qualities. Tientsin, being near to the frigid zone, produces hogs with longer and more tough bristle which is suitable for bore-brush. Chungking bristle, Hankow bristle, and Yunnan bristle, are of medium elasticity and the longest size is only around 7 inches. (Not packed in case of regular assortment.) Shanghai bristle, including those from northern places of Kiangsu province, is on the other hand, soft and comparatively short. It is only used for blending bristle of other quality to meet some special necessities as for soft paint-brush, etc.

Collecting Of Raw Bristles.

The most suitable season for collecting raw bristles from rural districts is from October to February, since hogs are butchered in larger quantity during these few months for the preparation of bacon, corned pork, and ham. Besides, the winter bristle is superior in quality to the summer bristle.

Raw bristle dealers will collect raw bristle from butcheries and re-sell to the bristle dressing plants.

The average price of raw Yunnan bristle is ranging from CNC\$10-15 million per picul of 133.33 lbs., in conformity with the percentage of long grade, the percentage of spot bristle, the percentage of impurity, etc. Thus, the cost of one assorted case of 133.33 lbs. will be around CNC\$30 million (not including interest, profit, and transportation charges, etc.), which in comparison to the foreign market price, means a great loss if the official exchange rate is at CNC\$ 72,000 to one U.S. dollar.

There are two or more experts in each dressing plant to examine the quality and to determine the buying price of the raw bristle.

Soaking, Washing, Combing.

The collected raw bristles are very dirty and possess bad effluvia. The first step is soaking.

Raw bristle is dumped into large wooden barrels or gasoline drums. Clean water is added to submerge the bristle, and 0.25% on weight of bristle soaked of soda ash in water solution is added. Soda ash serves for both purposes to wash out the fat and to plump the tiny flesh which might attach to the sheath of the bristle.

Soaking process is completed from 20 to 30 days, depending on the weather temperature. It is advisable to put the soaking tanks under sun light in order to hasten the process.

The soaked bristle is dumped out and rinsed with cold water. It is combed with a big comb of teeth three and half inches in length and $\frac{1}{4}$ inch apart. A bundle of about four inches in diameter is combed at one operation. This is to segregate out the bristle shorter than two inches, which goes to waste and is sold as fertilizer very cheaply (CNC\$ 300,000 per picul).

Combing process is mostly performed by female workers. Experienced women can comb 60 catties of wet bristle. The wage is counted per weight of bristle combed, the present rate of wage in Kunming is around CNC\$ 500 per catty.

Combed bristle is put in a bamboo basket or a bamboo sieve of five to six feet in diameter. Workers tread on the bristle with their bare feet, and from time to time rinse the bristle with cold water, preferably with very diluted solution of soda ash (2 oz. of soda ash in 100 gallons of water). Mud and entangles come out of the mesh with the water current.

Trodden bristle is again washed in a large water tank until free from dirt and impurities. The worker is paid monthly and given lodging and board. The monthly pay is now around CNC\$ 200,000. About 50-60 catties of wet bristle can be washed by each man per day.

Steaming, Drying.

The washed bristle is fastened in small bundles from tip to stem with hemp cards, on narrow wooden plates of eight inches long and one and half inches in width, in order to make it straight, as the raw bristle is mostly curly. The work is done by women. Their wage ranges from CNC\$ 500 to 700 per catty of bristle worked, without lodging and board. About 60 catties can be worked by each woman per day.

The bundles are piled in a bamboo sieve and transferred to a steam cauldron for steaming 2 hours thereon. The steamed bristle is then put on a moderate hot-plate. (Actually it is the floor of a room which is heated underground.) It is dried for 7-8 hours. Violent ventilation is bad as rapid drying will destroy the toughness and elasticity of bristle. The drying room should best be maintained at suitable humidity. Dried bristle is unloaded from the wooden plate when it is cold. The bristle is very straight and will never tend to bent again. It is ready to be dressed.

Dressing.

Dressing process is traditionally worked on the second floor of the plant in order to assure cleanness. It is thus called "up-stair working". Workers of this process are the most important in the dressing plant. They are well trained and well experienced. The wage is the highest of the workers in the plant, about CNC\$ 5,000 per catty of bristle dressed.

Four workers group as one unit and work on one table of 5' x 9' size. The straight bristle is piled on the table. Workers grasp one handful of bristle in one hand, pull out the longest with another hand, and arrange them in series on the table according to the length. Other workers on the same working table, pick up those ramified bristle of nearer length and bind them loosely together with a leather strip or braid of one inch breadth. The bundle varies from one foot in diameter to several inches at the convenience of workers. The bristles are kept freely to be twisted in either way, clockwise or counter-clockwise. They are twisted to and fro. Bristles with their stem upward are gradually extruded and picked off.

As the reverse ones go clear, the bundle is turned over, the stem side upward, patted with a smooth wooden ruler. The longer bristles are further picked out with pincers. It will be noted that the bristles which are shorter than the average bundle size cannot be picked out. The experienced workers will avoid to mix the shorter sizes into the bundle when they bind together the bundle, and so to make the percentage of the average length up to 90% top. Inferior workers fail to do so and make out assortment of lower percentage.

The big bundle is separated into handful bindings. The stem of the small bundle is ground with several strokes on a sand stone and tapped with wooden ruler to ensure absolute plainness.

Average working speed is 6-7 catties each per day. Every small bunch weighs from 3 oz. to 4.5 oz. in conformity with length of bristle.

Spot-bristle Picking.

The dressed small bundle is not yet marketable. There might be a few percent of spot-bristle and non-elastic bristle intermingled. (This is due to pathological growth of bristle.) The bundle is again unloaded. Female workers pick off those abnormal and spot-bristles with pincers. This is a rather tedious work, but the quality of the goods depends very much on it.

Each worker will finish 50-60 bunches every day and the wage is around CNC\$ 300 per bunch, without lodging and board.

De-dusting. Finishing. Packing.

The bunches of bristle are further combed and dedusted. The supervisor of the plant is going to examine each bunch to assure if it is up to standard. The bunches are measured with an up-stood stick to ramify into different kinds of size. Glazing paper or kraft paper previously used for wrapping purpose, now ordinary newsprint is adopted for wrapping. The measures should be printed on the wrapping paper along with trade mark. Wood case of about 3.5' x 2' 1.5' is used for packing the finished bristle. The assortment of the Yunnan black bristle is as follows:

Length	Weight in one case (in catties)	100 case lot (No. of cases)
Riflings (2" to 2 1/4")	25	25
2 1/4"	15	15
2 1/2"	12	12
2 3/4"	11	11
3"	10	10
3 1/4"	8	8
3 1/2"	6	6
3 3/4"	4	4
4"	3	3
4 1/4"	2	2
4 1/2"	1 1/2	4
4 3/4"	1 1/4	4
5"	1 1/2	4
5 1/4"	1 1/4	4
5 1/2"	1 1/4	4
5 3/4"	1 1/4	4
6"	1 1/4	4
100 catties (133.33 lbs.)		100 cases

This is traditionally called No. 17 assortment. The bristle longer than 6 inches is packed as special order.

Yunnan Bristle.

There are six dressing plants in Kunming, which produce Yunnan black 17 assortment bristle. The produce is different from different plants in uniformity and percentage. The following table gives the names and brands:

Szechuan Animal By-products Trading Co. Ltd.—Tiger Brand.
Yun-hwa—Flying Horse Brand.
Chin-chen-yu, Yeh-Kee plant—Camel Brand.
Dah-Yuan—Two Pigs Brand.
Shin-yu-yee—Elephant Brand.
Li-yee-sun—BBB Brand.

Estimates of Chinese Bristles Capacity Output

Yunnan:—
4,000 cs. (of 133.3 lbs.) annually, average price in New York U.S.\$2.1 per lb. Total value U.S.\$1,120,000.

Chungking:—
15,000 cs. (of 133.3 lbs.) annually, average price U.S.\$2.2 per lb. Total value U.S.\$4,400,000.

Hankow:—
10,000 cs. long No. 17 assortment annually, average price U.S.\$3.35 per lb. Total value U.S.\$4,500,000.

IMPORT & EXPORT DECLARATIONS

By virtue of the REGISTRATION OF IMPORTS AND EXPORTS ORDINANCE all importers and exporters are required to file with the Imports and Exports Department of Hongkong Government an import or export declaration in respect of any commodity imported into or exported from the Colony.

The Import Declaration must be submitted on form 1—I within 72 hours of the importation of a commodity and the export declaration on form 2—E within 48 hours of export.

An export declaration is NOT required in respect of any goods for which a special export licence has been granted since the export licence serves as an export declaration.

It is from these declarations that the import and export figures of Hongkong's trade returns are compiled each month. Such statistics are of vital importance to bankers, merchants and the representatives of foreign governments in this Colony, and are sent all over the world. Governments and Economists in many capitals of the world are interested in the trade of our Port.

Some difficulty, however, has been experienced in the Imports and Exports Department in obtaining the necessary figures owing to the delay on the part of some merchants in forwarding returns.

The main source of trouble seems to be that under pressure of business, merchants overlook the necessity of sending in their declarations. The procedure is as follows:—The declaration is made out and deposited in the Manifest Office on the ground floor of the Fire Brigade Building, North side.

6,000 cs. short No. 5 assortment annually, average price U.S.\$1.20 per lb. Total value U.S.\$1,000,000.
Shanghai:—

4,000 cs. 70% tops annually, average price U.S.\$2.70 per lb. Total value U.S.\$1,450,000.

4,000 cs. 40% tops annually, average price U.S.\$1.95 per lb. Total value U.S.\$1,050,000.

Tsingtao:—

1,000 cs. long annually, average price U.S.\$8.00 per lb. Total value U.S.\$950,000.

1,000 cs. short annually, average value U.S.\$4.60 per lb. Total value U.S.\$550,000.

Tientsin & Manchuria:—

30,000 cs. annually, average price (No. 55 long, No. 55 short, Nos. 43, 21, 260), U.S.\$4.60 per lb. Total value U.S.\$15,200,000.

Total estimated potential value of Chinese Bristle annually:—U.S.\$30,220,000.

—Jenshine Shen.

HONGKONG TRADE REGULATIONS**IMPORT LICENCES**

Special Import Licences are required for all commodities imported from all countries other than those mentioned in the schedule below.

Special Import Licences are also required for the undermentioned commodities where the place of origin is one of the countries mentioned in the schedule:—

Butter, Cheese, Coconut Oil, Groundnut Oil, Margarine, Flour, Rice products, Sugar, Meat of all kinds, Soap, Tin, Tin-plate, Hemp, Cotton Yarn, Sulphate of Ammonia, Watches, Gold, Arms and Ammunition.

Special Import Licences are also required to import coal, coke and cotton yarn from China.

Imports, other than those mentioned in paragraphs two and three above from the countries mentioned in the Schedule are covered by a General Licence No. 1, which should be quoted to the exporting authorities where required.

SCHEDULE

All territories within the British Empire including Mandated Territories (except Canada and Newfoundland) Egypt, the Anglo Egyptian Sudan, Iraq, Transjordan, Iceland and the Faroe Islands.

France and the French Empire, Holland and the Dutch Empire, Belgium and Luxembourg, Czecho-Slovakia, Greece, Italy and Siam, China and Macao.

In cases where special import licences are required, applications should be submitted in triplicate to the Imports and Exports Department. A receipt will be given for each application which should be presented when the licence is collected. Two copies of the licence will be returned to the applicant. One copy must be surrendered to the shipping company when delivery of the goods is taken. Shipping companies are not permitted to give delivery orders until such special licences have been produced.

The second copy must be returned to the Imports and Exports Department attached to the import declaration, which all importers must make on form "I" in respect of any consignment which is imported into the Colony.

Where only a portion of the goods covered by an import licence is shipped, nevertheless the licence should be surrendered as stated above and a new licence applied for in respect of the balance. This will be granted as a matter of form.

Import licences for which official exchange is required should be accompanied by form A.E.I. and submitted in the first instance to the Exchange Controller, Colonial Secretariat, and collected on completion at the Import and Export Department.

EXPORT REGULATIONS

(1) Prohibited Exports.

The term Prohibited Exports is applied to those commodities, the export of which are usually prohibited, but which may, in exceptional circumstances, be permitted under licence issued by the Department of Supplies, Trade & Industry.

This list varies from time to time but at the end of 1947 the following items were included in the list:—

Butter,
Margarine,
Flour,
Rice,
Sugar,
Bottles—all kinds, whole or broken,
empty or filled,
Cotton yarn of all kinds,
Tinplates,
Motor cars and trucks,
Motor accessories and spare parts,
Baths—all kinds, closets—all kinds,
Galvanised iron pipes,
Mild steel bars—all dimensions,
Mild steel angles,
Mild steel channels,
Mild steel tees,
Mild steel joists,
Mild steel window sections,
Tin slabs and ingot,
Cotton threads of all descriptions,
Peanut cake, in solid or powdered form,
Gold bullion and coin,
Silver bullion and coin,
Basins, toilet and all bathroom accessories,
Peanut Oil,
Sweetened Condensed Milk,
Cement,
Preserved Ginger (in casks),
Toilet & Medicinal Soap,
Gunny bags,
Lambskins (Karakuls),
Rabbit Skins.

Application for permission to export any of the above commodities should be submitted on Form 2 in triplicate to the D. S. T. & I.

Where an Export Licence is given it is not necessary to file with the Imports & Exports Department an Export Declaration in respect of the same commodities.

(2) Controlled Exports

The term "controlled exports" is applied to those commodities the export of which to certain destinations must be covered by a special export licence.

They differ from "prohibited exports" in that licences for controlled exports are readily given, provided that the exporter signs the declaration on the special export form. This declaration requires the exporter to receive payment for the proceeds of the commodities to which the licence applies, through an approved bank. There are at present four items on the controlled exports list namely:—

Wood Oil, Tin, Raw Rubber and Pepper.

Export licences covering controlled exports should be submitted in triplicate on form 2A (green) to the Imports and Exports Department. One copy only will be returned which should be shown to the shipper, (prior to the issuance of a shipping order), and it must then be deposited with the bank through which payment is to be received. It is not necessary to file an export declaration with the Imports and Exports Department in respect of any commodity shipped under a controlled export licence. The licence itself serves as such a declaration.

The sterling area comprise the following countries:— United Kingdom; Any Dominion within the meaning of the Statute of Westminster 1931, except Canada and Newfoundland; Any part of His Majesty's Dominions, not being a Dominion within the meaning of the Statute of Westminster, 1931, or part of such a Dominion; Any territory in respect of which a mandate on behalf of the League of Nations has been accepted by His Majesty; Iraq; Transjordan; Iceland; The Faroe Islands; China.

(3) Reserved Exports

Under the authority of the reserved Commodities (Re-export) Order, 1947, the Dept. of S.T. & I. exercises control over the re-export of the following commodities:—

Tinplates; Cotton yarn; Wheat flour; Sugar, raw or refined (excl. sugar of Chinese origin).

The Order went into effect as from Sept. 13 with regard to flour and sugar, and as from Sept. 24 with regard to tinplate and cotton yarn.

Importers of the above commodities have to notify Dept. S.T. & I. as to imported quantity, country of origin, carrying ship and date of arrival of above enumerated commodities. The importation of these commodities is subject to the issue of a Special Import Licence by I. & E. Dept. (see above list of goods required to be covered by Special Import Licence).

No person is allowed under the Order to take or give delivery, dispose of or deal in Reserved Commodities. The re-export of these commodities requires the granting of an export licence to be issued by Dept. S.T. & I.

IMPORT & EXPORT OF MOTOR CARS & TRUCKS

Motor Cars and Trucks are imported from sterling areas on General Licence No. 1. Those from other countries require a special import licence.

Motor Cars and Trucks are on the prohibited export list; that is, they can only be exported by a licence issued by the Department of S.T. & I.

Export permits are at present granted freely in respect of cars which have been imported from non-sterling areas and

which have not been paid for with official exchange. Those which were bought with official exchange cannot be exported except in special circumstances.

Export licences for motor trucks, not paid for with official exchange are issued freely.

Cars from the sterling area may be exported under arrangements made with the recognised importing agents.

Cars and Trucks not manufactured in the British Empire are required to pay a special fee on registration of 15% on the c.i.f. price less an allowance for tyres. This fee is paid at the Traffic Office of the Central Police Station when the car is registered.

Where a through passenger brings a car into the Colony and intends to take the same car out of the Colony with him, but desires to use the car during his stay in Hong Kong, he must pay the 15% registration fee. This fee, however, is refunded if he takes the car out of the Colony with him within 90 days of his arrival.

IMPORT & EXPORT OF COCOANUT OIL

The present position is that Special Import Licences are required for cocoanut oil no matter what the country of origin.

In the case of applications for importations from Singapore or Malaya, an import licence to bring cocoanut oil into Hong Kong will only be issued on production of an export permit issued by the authorities in those countries.

Exporters from Malaya and Singapore often indicate to their Hong Kong agents that an export permit can be obtained provided that an import permit is acquired first in Hong Kong. This is NOT the case.

Exports from Malaya and Singapore are under quota, and since Hong Kong has not been allotted a quota at present it is very unlikely that an export permit for cocoanut oil can be obtained from the Malayan and Singapore authorities.

As regards exports from here, Cocoanut oil has been removed from the list of prohibited exports and no export licence is required to export this commodity from Hong Kong.

CHINESE EMBARGO ON IMPORTS OF MOTOR CARS.

With effect from January 1, 1948 the importation of private motor cars is prohibited in China. This embargo applies, in conformity with China's so-called austerity program, to all cars regardless of cost. Diplomatic and consular representatives have been exempted from this embargo since their acquisition of private motor cars would involve expenditure of foreign exchange by their respective governments.

HONGKONG CUSTOMS & EXCISE DUTIES

Hongkong is a free port which does, however, not mean that there ought not to be any trading restrictions or any duties imposed on any imported commodities.

The term "Free Port" means that in Hongkong there is no general tariff and that there is no distinction between the duties levied on commodities which are imported and those on similar commodities which are manufactured in the Colony.

There are five commodities which are subject to duty. This duty is paid on importation ex bond, in respect of commodities manufactured abroad and ex factory bonds where the goods are manufactured in the Colony. Except where imperial preference rates prevail, the rates are the same both for locally manufactured products and those imported.

The five commodities which are subject to customs and excise duty are as follows:—

Liquors.

Tobacco.

Toilet Preparations and Proprietary Medicines.

Hydrocarbon Oils.

Aerated Waters.

Commodities which include any of the above substances in their manufacture pay duty according to the percentage content of the dutiable commodity. For example scent includes alcohol and therefore pays duty as a toilet preparation and also on its alcoholic content. Many paints, polishes and insecticides contain hydrocarbon oil and duty is levied on the percentage content of such oil.

IMPORTATION OF LIQUORS

Importers of foreign liquors are often unaware of the standards to which imported liquors must conform before they can be sold on the local market. The following notes will help importers before placing orders for foreign type liquors:—

- i. **BRANDY:** Brandy must have a strength not below 25 degrees under proof, that is, it must contain at least 75% proof spirit. Many importers, placing orders for brandy, do not insist on this requirement with the result that when their consignment arrives in Hongkong, they are unable to get a permit for removal from bond. Great Britain and Europe do not require such a high alcoholic content for brandy, and thus it does not follow that a brandy which may be marketed in Europe or America can be sold in Hongkong.
- ii. **WHISKY and RUM** must have a strength not below 25 degrees under proof.
- iii. **GIN** must have a strength not below thirty degrees under proof.

Proof Spirit is a technical term which means a mixture of alcohol and water having a specific gravity of .9184 at sixty degrees Fahrenheit, distilled water at the same

temperature being taken as unit, and containing 49.24% of alcohol by weight or 57.06% by volume. Spirits are described by so many degrees "over proof" or "under proof" according to the quantity of distilled water which must be added to or deducted from 100 volumes in order to produce spirit of proof strength.

Every consignment of Brandy, Rum or Whisky must be accompanied by a certificate of origin from the place where the liquor was made showing the alcoholic content and certifying that the liquor has matured in wood for at least three years. In the case of Gin a certificate showing its alcoholic strength and the country of manufacture should be obtained.

TOILET PREPARATIONS AND PROPRIETARY MEDICINES

The revised method of assessing duties on Toilet Preparations and Proprietary Medicines came into force as from Dec. 4, and the duty is now assessed at the rate of 25% f.o.b. price, at Port of shipment.

Importers of Toilet Preparations and Proprietary Medicines should submit invoices together with the Removal Permit (form 21 T.P.). The duty is levied on the NET price f.o.b. at port of shipment. In cases where the importer is entitled to a rebate on the f.o.b. invoice price, evidence must be furnished of the nature and extent of such rebates. Such invoices should be certified by the Shipper in the country of shipment, but it is realised that shipments at present in transit may not be able to comply with this request. Importers, however, should note that the Superintendent of Imports and Exports will insist on certified invoices covering shipments leaving the country of shipment after December 4th.

Where Toilet Preparations and Proprietary Medicines contain ALCOHOL, it would facilitate the assessment of duty if the percentage of alcohol and the liquid content per bottle were also specified on the invoice. Such certification will facilitate the calculation of duty and may save Importers delay in the analysis of the products to determine the percentage content of alcohol.

DRAWBACK

Drawback is a refund of duty which is made in respect of goods manufactured in the Colony for export, in the processing of which, commodities which have paid duty have been used.

For example spirits of wine pay duty on import, but a Hong Kong perfumery manufacturer would purchase such alcohol and use it in the manufacture of scent, and he might export some of the manufactured perfume. He is entitled to seek a refund of duty on that portion of the spirits of wine which he has re-exported as scent.

To qualify for such drawback, the applicant must be the manufacturer of the goods in the manufacture or preparation of which duty paid goods have been used. He must be the person who paid duty on

the goods, and must have supplied the Imports and Exports Department with the requisite particulars as to export etc.

No claims for refund of duty can be entertained in respect of duty paid articles, other than indicated above, once the commodities have left bond. If duty paid commodities deteriorate after leaving bond and have to be destroyed it is not possible to claim a refund of duty on these commodities, even if they cannot be sold on the local market.

Merchants should note that goods which are likely to deteriorate should be left in bond until they are to be used; should they then be spoiled and have to be destroyed, this process can be arranged under supervision of a Revenue Officer and no duty would be payable.

Ex Bond Deliveries

Deliveries of Dutiable Commodities ex bond can only be made by licensed importers and dealers.

The procedure for taking delivery ex bond is as follows:—Form 21 (black printing) should be submitted in triplicate to the Permit Office of the Imports and Exports Department, except in the case of Toilet Preparations and Proprietary Medicines. Here duty is assessed and paid. Two copies of form 21 are returned to the applicant who must present them to the Revenue Officer at the godown from which delivery is to be taken. The goods will be examined as they leave the godowns and any shortages will be noted by the Revenue Officer on the consignee's copy of the permit. The consignee may then recover any duty which may have been paid in respect of goods which have been damaged or short delivered.

In the case of Toilet Preparations and Proprietary Medicines form 21 should be presented to the Government Chemist, I. & E. Department for assessment of duty. It is sometimes necessary to obtain samples of Dutiable Commodities before such duty can be assessed, but after assessment the procedure to be followed is that outlined above.

JAPANESE SILK.

The U.S. Army has fixed new prices for Japanese raw silk effective January 1, 1948, ranging from US\$3.25 for top grade to 2.30 for the lowest grade. After January 1, Japanese raw silk sales, supervised by SCAP, will be arranged either in Tokyo or through the Supreme Commander's foreign trade office in New York City.

Such a foreign trade office in New York will be established at an early date and will act on behalf of the Japanese Board of Trade.

The new silk prices are to remain in effect through December 31, 1948, will be as follows:—Special A, 94 percent US\$3.25; 93 percent US\$3.15; 92 percent US\$3.05; 91 percent US\$2.95; 90 percent US\$2.85. These prices apply to silk of both 13/15 Denier and 20/22 Denier.

HONGKONG GINGER EXPORTS

Exports of preserved ginger have improved during this year with the local industry reporting satisfactory turnover but reduced profits. Most exporters of preserved ginger are buying here from the Hongkong Preserved Ginger Distributors Ltd., a firm which was established for the benefit of Hongkong's ginger factories' business.

Four kinds of preserved ginger are produced here and exported abroad: (1) Ginger in syrup, packed in wooden casks of 2 cwt. (224 lbs.) net weight. The following qualities are listed: choice young stem ginger, young stem, cargo, medium, lower grades. Exports to Australia cost from \$130 to 220 per cask, containing 200 lbs. ginger and 24 lbs. syrup. Exports to the U.S. cost from \$120 to 200 per cask containing 180 lbs. ginger and 44 lbs. syrup. Exports to the U.K. cost from \$100 to 150 per cask containing 133.33 lbs. ginger plus 90.66 lbs. syrup.

(2) Ginger in Jars (either stem ginger or cargo in syrup), packed in cases of 6, 12 or 24 jars per case. Three kinds of jars are manufactured: plain earthenware, blue and white porcelain, and five coloured porcelain. The cost depends on the jars selected by the buyer.

(3) Preserved Dry Ginger, packed in wooden casks of one picul (133.33 lbs.) each, costing \$300 to 330 per picul for cargo, and \$390 to 430 per picul for stem ginger.

(4) Preserved Dry Ginger, packed in tins and boxes, in three qualities of cargo, stem and sliced ginger. Prices per pound range from \$3.50 to 4.50 if packed in tins, and \$3.10 to 4 packed in boxes.

COMMODITY MARKET QUOTATIONS

New York Quotations.

China Bristles, fob New York: Hankow 2.80, Chungking 1.95, Shanghai 1.80, Tientsin short 4.20, regular 6.30.

China and Korea Produce, fob New York: Aniseed Oil, 0.95/1.15; Cassia Oil, 2.50/3.35; Tung Oil, in tank cars, 0.26½-27 nom.; Sandalwood Oil, in drums, depending on sellers quantity & quality, 13.75 nominal; Agar Agar, 3.95/4.65; Beryllium, (10 to 12 percent) per ton, 16.00/18.00; Molybdenum (90 percent), 0.45.

Pepper Markets

White Muntok 56 cents per pound. Black pepper 42, January shipment 39, March 35 cents per pound.

Metral Markets

Antimony, 99½ percent grade, in bulk of carload lots, fob Texas, 0.33; Tin, grade A (99.8 percent or higher), 0.80; Tungsten, powdered (98 to 99%), 3.05; Wolframite, Chinese origin (per short ton unit, ore containing tungsten trioxide) duty paid fob New York, 0.29/31.

Yarns, Cloth & Rayon

Yarn 20's carded singles, 74 to 75 cents per lb.; Yarn 40's combed singles, \$1.15 to 1.20 per lb.

Cloth, given with width count weight 68 x 72, (in US cents per yard) 31½ to 32; Cloth, wide print 45"64 x 60"4.65, 32; Cloth, drills 30"68 x 40"3.25, 24½; Rayon, crepe, 45 inches 100 x 64, 50.

Raw Cotton

(In U.S. cents per pound)
December 36.30, March 36.20, May 35.80, Middling Spot 37. In New Orleans Middling Spot quotes, 35.90 to 36.

Sugar Futures

May, 5.16 (in cents, per pound).
Spot raw sugar, 5.55 to 5.58.

Rubber Futures

(In cents per pound)

December 21.75, January 21.35, February 21.25, March 21.15.

The London market quoted January 13.5/16 pence, and March 12½ pence.

Bombay Cotton Prices.

(In Rupees, per pound)
Jarilla cotton, January 5.02, March 4.86, May 5.02.

HONGKONG PRODUCE MARKET PRICES

Ex native dealers' godown, in picul of 133.33 lbs.: Cassia oil \$1.100; tung oil 138; sesame seed oil 265; peanut oil 175; rape seed oil 120; tea seed oil 125; Malayan and Siamese Coconut oil 123.

Tin (Yunnan) \$442; Antimony 160; wolfram (65%) 380.

INCREASE IN TIN PRICES.

As from December 20, international tin prices have been advanced as follows: £510 per ton for U.K. buyers in the domestic market; £500 per ton for Malayan tin producers, paid ex smelter; £477 per ton for tin concentrates of Nigeria. Increases amount to £73 to 77 per ton. The United States price was similarly raised from 80 cents to 94 cents per pound.

Malayan tin mine owners are not satisfied with the increase and demand a further adjustment arguing that tin mining and refining at the new price would still not yield adequate profits to the industry.

CHINESE MONOPOLY OF COTTON IMPORTS AND COTTON TEXTILE PRODUCTION

The National Economic Council of Nanking has recently decided to institute a monopoly in the sale and buying of cotton, yarn and cloth. The establishment of a monopoly was planned for some time but was expedited by President Chiang Kai-shek's personal order to the Executive Yuan to stiffen price control, especially cotton, which lately has been leading in the market fluctuations. Under the monopoly, textile factories will act as Government agents in the manufacture of cotton yarn and cloth. The present Textiles Co-ordination Committee will be changed into a monopoly organ.

Subsequently the Government ruled that from December 17 all cotton spinning mills and textile factories are to be placed under Government control (Cotton Control Board) which will regiment production and limit profits. The importation of raw cotton being now a monopoly, Government will distribute to spinners certain allocations and will take over from mills their products at fixed prices.

This far-reaching step by Nanking is bound to result in much public dissatisfaction, new possibilities of graft and extortions, and the exodus of many mill owners from Shanghai.

CHINESE EMBARGO ON TIN FOIL IMPORTS

The Ministry of Economic Affairs is to embargo the importation into China of tin foil as the domestic output of this commodity is adequate to supply consumers. Shanghai has now 18 factories manufacturing tin foil with a total output of 20,000 tons monthly. The Ministry desires to save foreign exchange as well as to encourage national tin foil manufacturing.

RELAXATION OF CHINESE IMPORT EMBARGOES

The Nanking Government relaxed as from the end of this year to some extent its import embargoes in order to permit the import of extra-quota raw materials which are destined for use in the manufacture of goods for export.

The step is calculated to remedy the situation in which manufacturers are unable to manufacture goods for export because of lack of raw materials.

Government will grant open market rate exchange to authorised merchants for the purchase of extra-quota imports.

Importers petitioned previously the Chinese authorities pointing out the bureaucratic stupidity of prohibiting the importation of essential industrial raw materials the lack of which caused closures of factories and unemployment.

UNITED STATES TRADE WITH CHINA, JAPAN, INDIA, NETHERLANDS INDIES & PHILIPPINES

	1947	1946	1946	1946	1947	1947	1947	1947	1947	1947	1936-38	Jan.-Aug.	
	Aug.	Aug.	Sept.	Oct.	Feb.	Mar.	Apr.	May	June	July	8-month	1946	1947
(in thousands of U.S.\$)													
Imports Into:													
China	19,678	39,952	24,577	19,094	39,723	37,351	26,164	41,395	55,538	39,349	29,168	331,129	294,892
Cash purchase	17,924	32,627	24,591	16,804	20,845	23,422	11,384	21,604	32,333	20,578	29,168	192,526	172,195
Lend-lease	—	481	768	242	—	—	—	—	—	—	—	24,169	509
UNRRA	1,754	6,844	3,218	2,048	18,878	13,929	14,780	19,791	23,205	18,771	—	114,434	122,188
India	24,536	15,738	16,763	14,014	25,945	43,494	38,598	41,676	55,815	28,166	23,624	106,424	284,817
Japan	480	20,286	14,217	3,598	2,539	3,371	283	2,063	230	424	162,792	65,278	13,017
Netherlands Indies	6,236	10,749	2,040	3,288	5,423	11,273	9,779	16,814	9,302	8,103	14,736	56,636	78,737
Republic of Philip- pines	32,689	17,823	18,006	8,353	52,996	42,766	32,037	33,066	29,310	30,094	51,520	186,972	283,157
Exports From:													
China	3,033	7,061	8,041	7,123	13,203	10,271	5,955	11,017	13,727	7,556	50,008	60,762	81,234
India	13,759	17,534	20,593	9,290	19,487	22,059	19,218	13,231	22,959	29,157	49,968	155,219	167,455
Japan	1,450	9,398	2,223	2,276	3,762	775	813	804	1,119	4,657	111,712	49,095	21,825
Netherlands Indies	3,106	2,486	3,292	6,609	5,295	2,519	2,780	2,584	1,100	739	56,392	10,319	22,668
Republic of Philip- pines	8,827	3,636	3,338	3,635	9,761	17,057	15,876	17,896	14,178	8,503	71,552	15,472	103,063

UNITED STATES TRADE

(in thousands of U.S.\$)

	Value	1936-38 8-month average	January-August 1946	1947
Exports, including re-exports	1,977,688	1,977,688	6,477,272	9,853,487
Cash-purchase	1,977,688	1,977,688	5,009,580	9,449,148
Lend-lease	—	—	618,081	20,941
UNRRA	—	—	849,611	383,398
Exports, United States merchandise	1,950,016	1,950,016	6,295,672	9,724,274
Cash-purchase	1,950,016	1,950,016	4,887,646	9,328,710
Lend-lease	—	—	607,036	20,941
UNRRA	—	—	800,990	374,623
General imports	1,659,264	1,659,264	3,130,388	3,708,427
Imports for consumption	1,640,768	1,640,768	3,059,720	3,651,644
Indexes				
Exports, United States merchandise:				
Value	100	100	323	499
Quantity	100	100	210	266
Unit value	100	100	154	187
Imports for consumption:				
Value	100	100	186	223
Quantity	100	100	112	106
Unit value	100	100	166	209

Portuguese Trade.

Principal Portuguese exports are cork, preserved sardines, Port wine, cotton tissues, resins, ordinary wines, olive oil, fresh and dried fruit, embroidery from Madeira, turpentine, pit-wood, tin, wolfram, Madeira wine, slate.

Portugal also produces colonial products (oil fats, coffee, cocoa, copra), copper, granite and marbles, of which there is a great abundance and which are beginning to establish a reputation in the markets of the world. Portuguese pottery of a popular or traditional character and glazed tiles find a market outside Portugal.

Portugal's imports consist mainly of pig iron, steel, chemicals, raw cotton, leaf tobacco, petroleum products, woolen, cotton and silk textiles, machines, vehicles, tyres and tubes.

Average prewar trade values (in millions):—Imports £21. Exports £11.

PORTUGAL'S AND MACAO'S TRADE

The trade of Macao is conducted only with China and Hongkong; there are occasional direct shipments to Portugal and Portuguese Colonies when Portuguese ships call on one of their rare voyages to the Far East on Macao as well (at such occasion ships have to anchor some 8 miles outside the harbour of Macao, in the Canton river delta as no ocean going or larger river craft can enter the silted up port of the Portuguese Colony). The exception of Macao's trade directly carried on with other foreign countries was recently only gold imports which were flown from Manila, Bangkok and Saigon by an unscheduled service of a flying boat; these imports left always Macao without being recorded by the Portuguese authorities.

Macao's trade with China as recorded by the Chinese Maritime Customs appears very small, however, in fact this business is on account of large smuggling considerable (at least 50 to 75% of Macao's exchange of goods with Hongkong originate in or are destined for China).

The Macao Government does not publish any trade returns and has so far, since the end of war, not been able to compile reliable figures for their own official use. A very important duty of the Department of Economic Services, Macao Government, has thus been neglected. The trade returns of Hongkong (as compiled by Imports & Exports Dept. usually within only a fortnight after every ultimo of a month) are the only guide as to the volume of Macao's commerce with the world. Elsewhere in this issue will be found the export and import figures of Hongkong with Macao for November and the first eleven months of 1947.

While Macao has some small industrial production (firecrackers, matches, marine products, cigarettes etc.) and a very prosperous fishing business, the commercial pursuit of most people in the Portuguese Colony is connected with its entrepot trade between Kwangtung (western districts mainly) and Hongkong.

The petroleum industry recently engaged the attention of Government who want to replace the importation of distilled products by their production on Portuguese soil. For this purpose plans were considered not only to prospect for deposits of hydro-carbons and bituminous substances including natural gas in Portugal and in Portuguese Africa, but also to install a refinery which, until national crude oils can be obtained, will refine imported crudes. In 1938 Government granted a concession for twenty years to a Portuguese company (closely connected with the Rumanian firm Redeventza) for the establishment of a refinery and explorations during twenty years. The minimum refining capacity is 150,000 tons of crude oil a year, and it is guaranteed 50% of the internal market of petroleum products, including lubricating oils. In 1938 an exclusive concession was granted to an Anglo-American company to prospect and drill for and exploit deposits of hydro-carbons and bituminous substances, including natural gas. In Mozambique a concession has been granted to an American company for the prospectation at Inhanga.

ANGLO-AMERICAN JOINT INVESTMENTS IN SHANGHAI.

The American-owned Henningsen Produce Company and the British-owned Jardine Matheson & Co. Ltd. jointly formed last month a new company, to be known as Hazelwood Limited.

The company, headed by Mr U. S. Harkson and Mr John Keswick, respectively directors of Henningsens and Jardines, will manufacture and distribute edible products throughout China, depending on mass distribution for profits.

This major combination of United States and British capital has provoked general interest and was welcomed as a new indication of the growing faith in future business possibilities in China and the necessity for closer co-operation among foreign traders and manufacturers in China.

CHEWING GUM PRODUCTION.

Ensuring no shortage in the world supply of chewing gum, the Netherlands East Indies are this year aiming at an export target of 4,000 tons of "Jalutong", a rubberlike tree juice found in Borneo which forms one of the main raw materials for chewing gum. The prewar export figure was about 7,000 tons, which netted a sum of almost two million United States dollars.

The juice, tapped by natives from trees in forests, goes abroad under the name of "snowwhite jalutong, a Dayak product of Borneo." Before it is exported, the juice is put through one or two preparatory processes until it solidifies into blocks of elastic white substance. Collection is not easy. The trees are widely scattered over vast areas and found mainly in wild and boggy forests covering the valleys of the chief rivers in South Borneo. The tapping is done by Dayaks, but sale of the product is usually done through Chinese, Bandjarese and Malays.

One strange fact is that the natives of the area still prefer chewing betelnut to the lilywhite jalutong.

MENTHOL OIL

No stocks of natural oil of *Mentha grvensis* are available in Taiwan. Estimates of the acreage devoted to peppermint cultivation are unobtainable.

The official Taiwan Chemical Industry Company states that the very small amount of peppermint oil produced by that organization is used entirely in the manufacture of menthol; additional requirement of the island are met by supplies from the mainland.

Average annual prewar production of natural peppermint oil in Taiwan was approximately 79,380 pounds. Former growers of peppermint have shifted to

the raising of food crops, with the result that now there is no important commercial production of peppermint.

Menthol prices in New York rise and are firm due to lack of supplies from Brazil, although shipments are en route from Japan. Brazilian produce has risen from US\$18 to the current price of US\$20 per kilogram. Brazilian producers are demanding higher prices because of an expected increase in the cost for the coming peppermint oil crop.

MALAYAN INCOME TAX

The Colonial Under-Secretary of State has explained in Commons why the Malayan Authorities decided to impose income tax as from the New Year against the opinion of the majority in Advisory Councils. The further progress of Malaya depends on provision of more revenue since last year financial reserves are almost exhausted. The income tax is considered the only practicable and fair method of raising enough to meet war liabilities and provide adequate social services.

The Government of Malaya are convinced that large new revenues are necessary if progress and development are not to be halted. Fresh conceptions of duty of Public Administration to promote social justice in the widest sense have been accepted throughout the Commonwealth and other progressive countries. It would be no true economy, said the Governor of Malaya in his statement, but rather a calamity with lasting effects; if the necessary scale of expenditure for reconditioning and expanding education, agriculture, irrigation, health and other services were stopped unless it were clear beyond all doubt that revenues could not be provided to meet those essential needs and preserve the country and people from falling back to more primitive conditions.

The tax is to be 20% on the company's profits. There will be a sliding scale on chargeable personal income which after allowing certain reliefs will result in a minimum tax of 3% maximum 30%. The latter rates are well below those in Britain but about double the rates currently charged in Hongkong.

JAPANESE WEIGHTS AND MEASURES

KAN	3.75 kilograms
MOMME	3.75 grams or 0.13228 oz.
KIN (=160 momme)	0.6 kilogram
RI (36 cho=2,160 ken)	2.44030 miles
	3.92727 kilometers
SHAKU	0.99419 foot
	0.30303 meter
CHOBU (=10 tan)	2.45064 acres
KOKU (cereals)	5.11902 bushels (U.S.)
	4.96005 bushels (Brit.)
	About 0.15 metric ton
KOKU (liquid)	47.35389 gallons (U.S.)
	39.6804 gallons (Brit.)
KOKU (timber)	About 1 cubic foot x 10
SHAKUJIME (timber)	About 1 cubic foot x 12
TABA (fagot, etc.)	About 3 x 6 x 6 feet
BALE (cotton)	500 lbs.
" (cotton yarn)	400 lbs.
" (raw silk)	100 kin or 132.3 lbs.

PHILIPPINE ECONOMIC REPORTS

GOLD & BASE METAL MINING

The Philippine mining industry produced US\$750,000 worth of gold and base metals during October, 1947, against over million in October, 1941. The mining industry is only slowly rehabilitating itself. Before the Japanese invasion, there were 59 producing gold and base metal properties in the Philippines.

Big Wedge Mining company, only producer in the Baguio district, reports now larger than US\$200,000 monthly production of gold. Mindanao Mother Lode Mining Co. and Surigao Consolidated Mining Co. are the only active

gold mines in the rich Surigao mining district on Mindanao. Mother Lode has a monthly production of US\$150,- and Surigao an average monthly output of US\$62 00. The Tayson Gold Mining Company in Batangas began operations in November and two placer mining companies, the Gang Placer and Tambis Gold Dredging each report better than US\$10,000 gold output monthly.

The 1,200-ton mill being erected by Benguest Consolidated Mining in the Baguio district is expected to be in operation during the first quarter of 1948. This mill will treat ore from both Benguest and Balatoc Mining properties.

In the base metal field, the property of Consolidated Mines in Mansinloc is the only active chrome ore producer at present. Acoje Mining company will start shipping chrome ore early next year and about 7,000 tons will be shipped monthly.

A monthly total of 3,000 tons of manganese is being shipped from various ports in the islands.

Average monthly shipments of chrome ore from the Mansinloc property of Consolidated are 20,000 tons, valued at more than US\$200,000. Monthly shipments will be upped to 30,000 tons starting in December.

Lepanto Consolidated Mining Co. are constructing a 400-ton mill on their copper property in Mankayan. This mine is considered one of the richest copper mines in the world. The property will mill ore containing an average of seven per cent in copper and seven dollars in gold per ton. It is expected to be operating by the second quarter of 1948.

FINANCIAL PROJECTS

A special fund of approximately 200 million pesos will be created as soon as the central bank is established next year to enable the government to help finance pressing industrialization projects. The central bank charter for submission to congress in January is now being prepared. The special fund will augment other resources available to the government for reconstruction and development plans. These other resources include monies paid to the government under the rehabilitation act and proceeds from the sale of surplus properties. These resources are not sufficient to carry out the vast economic programs, and if the government is to implement private investment adequately, it must do so from resources that are still undeveloped.

The special fund being contemplated will come from the government's reserve fund. The Philippines is the only country today with a 100 per cent reserve fund.

A portion of the Philippine government's reserves may be utilized to finance a number of pressing projects which are at present being delayed due to lack of funds. This delay is hampering the implementation of the industrialization and economic rehabilitation programs.

The 100 per cent reserve which had been maintained because of the lack of managed monetary system in Manila is one reason why government has been forced to borrow dollars unnecessarily. The establishment of a central bank and a managed monetary system, will permit the expansion of the money supply to meet the legitimate needs of governments as well as of industry, agriculture and commerce.

Pending the establishment and operation of the central bank, government is endeavoring to balance the national budget through tax collections. Amendments to the tax laws are being drafted with a view to increasing government income sufficiently to balance the budget by 1949. Although tax collections have greatly increased due to the current intensive collection campaign by the bureau of internal revenue, the collections will still be insufficient to meet the budgetary requirements next year.

If the industrial and economic programs can be launched early in 1948, there will be no difficulty in securing loans from the Import and Export Bank to finance the big projects contemplated. The Philippines has already filed an application for some loans with the World Bank for certain projects and has been assured that the loans would be approved.

LIMITATIONS ON IMPORTS

President Roxas has been discussing with Finance Secretary Miguel Cuaderno measures to control the import of non-essential and luxury items which do not contribute to the country's economy. Control will be effected both through imposition of higher excise taxes and by limiting the importation of such items.

The purpose of the control measures is to conserve the country's dollars which can be used to reduce the Philippines' foreign indebtedness or tide over the country in case of future temporary deficits in the balance of payments. Another purpose, is to free adequate foreign exchange for essential purposes. This action is in accordance with the recommendations of the joint finance commission.

The imposition of higher taxes on non-essential goods is expected to discourage importations, but if this should prove ineffective direct import controls would be limited initially to a few commodities such as liquor, jewelry, automobiles, fruits, toilet articles and cosmetics.

In order to prevent excessive profits as a result of the quantitative limitations on goods three measures will be taken:

1. Quarterly import quotas will be set in advance for certain goods or classes of goods.
2. Bids will be invited for licenses to import all or portions of the quotas.
3. Licenses will be sold on the basis of bids received in order to yield the maximum revenue for the government.

Out of the 680 million pesos worth of imported goods last year, over 20 per cent were luxury items which the consumers could have foregone without any hardship and without interference with domestic reconstruction and production as e.g. imported fruits which are selling at lower prices than native fruits which are as good if not better.

